

**HEALTH SERVICES AND DEVELOPMENT AGENCY
DECEMBER 12, 2012
APPLICATION SUMMARY**

NAME OF PROJECT: Franklin Endoscopy Center

PROJECT NUMBER: CN1209-046

ADDRESS: 9160 Carothers Parkway
Franklin (Williamson County), Tennessee 37067

LEGAL OWNER: Franklin Endoscopy Center, PLLC
740 Cool Springs Boulevard, Suite 210B
Franklin (Williamson County), Tennessee 37067

OPERATING ENTITY: United Surgical Partners International, Inc.
8 Cadillac Drive, Suite 200
Brentwood (Williamson County), TN 37067

CONTACT PERSON: Robert Limyansky
(770) 394-8465 x120

DATE FILED: September 14, 2012

PROJECT COST: \$ 7,420,105

FINANCING: Cash Reserves

PURPOSE OF REVIEW: Relocation of an existing Ambulatory Surgical Treatment Center (ASTC) and the conversion from a Single-Specialty (endoscopy) Surgery Center into a Multispecialty Surgery Center

DESCRIPTION:

Franklin Endoscopy Center, PLLC is seeking approval for the relocation of an existing single specialty ambulatory surgical treatment center (ASTC) limited to endoscopic procedures, located at 740 Cool Springs Boulevard, Suite 210B, Franklin (Williamson County), TN to 10,000 feet of newly constructed space located at 9160 Carothers Parkway, Franklin (Williamson County), TN. The proposed relocation site will be located 1.5 miles from the existing ASTC. The applicant is seeking the addition of two (2) multispecialty outpatient surgery

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operating rooms thereby converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. The applicant states the construction of approximately 10,200 leased square feet of space on the second floor of a new medical office building will be required to house the proposed project.

Service Specific Criteria and Standard Review

AMBULATORY SURGICAL TREATMENT CENTER

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

- a. An operating room is available 250 days per year, 8 hours per day.

The applicant identifies the ASTC will be available 250 days per year, 10 hours per day (6:30 a.m.-4:30 p.m.). It appears that this criterion has been met.

- b. The average time per outpatient surgery case is 60 minutes.

The applicant identifies the current endoscopic cases last 15 to 30 minutes. The applicant states the average surgery time will increase when complex cases are added. It appears that this criterion has been met.

- c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

The applicant identifies the current time between endoscopic cases is 10 to 15 minutes. It appears that this criterion has been met.

- d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

The applicant reports an average of 1,634 endoscopic procedures per room in the ASTC in 2010 and 2,527 procedures in 2011. The applicant anticipates a surgical volume of 4,293 cases averaging 1,073 per room during the second year for the combined four operating rooms. It appears that this criterion has been met.

- e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity

The Department of Health review staff has reviewed the information submitted to Joint Annual Report and has taken all available ASTC operating rooms into account when preparing this report. It appears that this criterion has been met.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The applicant identifies Davidson and Williamson Counties as the ASTC's service area. 90% of the patients the applicant projects to provide services to in Year One of the project reside in these counties. It appears that this criterion has been met.

3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

The applicant states the majority of the population of the service area resides within 30 minutes travel time to the facility. It appears that this criterion has been met.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

The applicant operated above the standard of 800 cases per room in 2009, 2010 and 2011. The applicant projects 3,996 cases in Year One, averaging 999 cases per room. This calculates to 124% of the minimum 800 cases per operating room standard. Based on the assumptions above, the minimum standard for four operating

rooms which applies here would be 3,200 cases. It would appear that the criterion has been met.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

The proposed service area multi-specialty and single-specialty ASTCs were operating at 107% of the 800 procedures/room/year service capacity in 2011. The ASTC's performing endoscopic procedures within the proposed service area in 2011 were operating at 123% of the 800 procedures/room/year capacity. It appears that this criterion has been met.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

The applicant plans to have two (2) procedure rooms and two (2) operating rooms in the ASTC. It appears that this criterion has been met.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

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The applicant provides projected utilization for the first eight quarters after project completion on page 23 of the application. It appears that this criterion has been met.

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant has selected a service area of Davidson and Williamson as the ASTC's service area. 90% of the patients associated with the proposed project reside in these counties. It appears that this criterion has been met.

SUMMARY:

Franklin Endoscopy Center, LLC is a joint venture between Saint Thomas Health, United Surgical Partners International, Inc. and area physicians. The applicant states the facility relocation and two operating room expansion is designed to increase patient accessibility by redirecting existing patients from Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. The applicant notes the proposed project will be used by properly credentialed open medical staff.

The proposed relocation is located one-half mile east of Interstate I-65 at Exit 69 and approximately one-half mile east of the Cool Springs Galleria Mall. The applicant states the proposed location is between 15.8-22.3 miles, or a 19-26 minute drive from the three Saint Thomas Surgery Center Network facilities listed above.

In July 2012, the applicant initially presented a CON application (CN1207-035) involving the expansion of the facility at its current location by adding two operating rooms to its existing facility. The expansion was needed to alleviate volume growth at the facility and involved the addition of two multispecialty outpatient surgery operating rooms and support space. The applicant states an architectural and engineering analysis determined the existing HVAC system was inadequate for expansion at the current site. The applicant states additional support columns in the facility were required to expand the roof for the HVAC upgrades. The applicant determined the cost associated with the addition of support columns in the facility was not economically feasible at the current site.

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and relocation became necessary. As a result, the Franklin Endoscopy Center application (CN1207-035) was withdrawn by the applicant from review and replaced with this application for a relocation and expansion of services.

The LLC owns and operates fourteen (14) endoscopy and surgery centers in Middle Tennessee which includes 6 in Davidson County, 3 in Rutherford County, 2 in Wilson County, and one each in the counties of Coffee, Sumner and Williamson.

The applicant indicates a relocation and expansion project will improve access and the quality of cost-effective outpatient surgery services. In addition, the applicant states the project will also address the following provider and community needs:

- Decompress highly utilized ASTCs at Saint Thomas Health in Nashville
- Treat existing patients from the six zip code service area closer to home
- Foster innovation by supporting the unique needs of the Mission Point Accountable Care Organization (ACO)*
- Provide a more cost-effective alternative due to the conversion of the Williamson Surgery center from a lower cost free standing ASC to a higher cost hospital-based ASC

**Note to Agency Members: Mission Point Accountable Care Organization (ACO) is a Medicare Shared Savings Program Accountable Care Organization. For additional information please refer to the following medicare.gov/aco link:*

<http://www.insurancebroadcasting.com/news/MissionPoint-Health-2726032-1.html?zkPrintable=true>

The applicant's proposed primary service area for the relocated ASTC will remain Williamson County with a secondary service area of Davidson County. The existing service area of Franklin Endoscopy Center will not change due to the close proximity of the proposed relocation (1.5 miles). The applicant proposes to focus on providing services to US postal zip codes 37027, 37067 and 37069 in Williamson County and 37215, 37220, and 37221 in Davidson County.

The applicant states 23,569 patients were served in 2011 by Saint Thomas Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. The applicant states 3,568 of the 23,569 patients, or 15.1%, resided in the six zip codes surrounding Franklin Endoscopy Center.

Based upon population information from the Tennessee Department of Health, the total population of Davidson and Williamson counties is expected to increase by approximately 4.1% from 786,580 residents in 2012, to 818,449 residents in 2016.

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The chart below displays the Franklin Endoscopy Historical Patient Origin Data. The applicant states Franklin Endoscopy Center has been highly utilized by patients residing in Williamson, Davidson and Maury Counties.

**Franklin Endoscopy
Historical Patient Origin Data
Cases Unduplicated 2008-2011**

County	2008	2009	2010	2011	2011%	Cumulative %
Williamson	1,435	1,689	1,772	1,685	68.1%	68.1%
Davidson	149	202	219	176	7.1%	75.2%
Maury	227	355	382	358	14.5%	89.7%
All Other Counties	225	268	293	256	10.3%	100.0%
Total	2,036	2,514	2,666	2,475	100.0%	

Source: CN1209-046

According to the Department of Health, of the thirty-four (34) licensed ASTCs in 2011 in the defined service area, twenty-three (23) facilities are single-specialty ASTCs and eleven (11) multi-specialty ASTCs. The ASTC proposed service area utilization for the years 2009-2011 is shown in the table below:

Licensed ASTCs 2009-2011 Utilization in Franklin Endoscopy Center's Service Area

Facility Name	Single Or Multi-Specialty	County	Operating Rooms	Procedure Rooms	2009 Cases	2010 Cases	2011 Cases	2011 Utilization vs. 800 Annual Procedures/Room Standard
Eye Surgery Center of Middle Tennessee	S	Davidson	3	0	336	0	0	N/A
Gurley Surgery Center	S	Davidson	0	3	369	365	300	12.5%
Centennial Surgery Center	M	Davidson	6	2	3,633	7,217	7,405	115%
Northridge Surgery Center	M	Davidson	4	2	3,789	3,673	3,201	66.6%
Urology Surgery Center	S	Davidson	3	3	6,353	6,230	7,608	158%
Digestive Disease Endoscopy Center	S	Davidson	0	4	6,715	6,041	5,845	182%
Nashville Endoscopy Center	S	Davidson	0	3	2,716	2,615	2,594	108%
Southern Endoscopy Center	S	Davidson	0	3	2,926	2,966	2,591	108%
Mid-State Endoscopy Center	S	Davidson	0	3	2,371	2,523	2,404	100%
St. Thomas Medical Group Endoscopy Center	S	Davidson	0	2	4,179	3,502	3,411	213%
Nashville Gastrointestinal Endoscopy Center	S	Davidson	0	2	3,112	2,451	2,698	168%
Nashville Surgery Center	M	Davidson	5	1	3,426	4,141	4,155	86.5%
Oral Facial Surgery Center	M	Davidson	3	4	2,888	2,290	1,986	35.4%
Wesley Ophthalmic Plastic Surgery Center	S	Davidson	2	0	827	834	754	47%
Associated Endoscopy	S	Davidson	0	3	5,139	4,738	5,222	217%
Baptist Ambulatory Surgery Center	M	Davidson	6	1	7,680	7,472	7,304	130%
The Center for Assisted Reproductive Technologies, LLC	S	Davidson	0	2	222	230	255	15.9%
Eye Surgery Center of Nashville, LLC	S	Davidson	1	1	3,946	3,972	2,524	157%
St. Thomas Campus Surgicare, LP	M	Davidson	6	1	8,028	6,835	7,639	136%
St. Thomas Outpatient Neurosurgical Center, LLC	S	Davidson	2	1	2,197	2,523	2,469	103%
LVC Outpatient Surgery Center, LLC	S	Davidson	2	1	1,806	1,973	1,902	79%
Tennessee Pain Surgery Center, LLC	S	Davidson	1	3	8,685	2,305	3,316	104%
Baptist Plaza Surgicare, L.P.	M	Davidson	9	1	9,922	9,427	9,171	115%
Premier Orthopaedic Surgery Center	M	Davidson	2	0	2,425	2,104	2,382	148%
DeLozier Surgery Center	S	Davidson	1	0	388	426	486	61%
Nashville Vision Correction, LLC	S	Davidson	1	0	173	169	132	16.5%
Summit Surgery Center, LP	M	Davidson	5	1	7,279	6,873	6,505	136%
American Endoscopy Center, PC	S	Davidson	1	1	486	598	602	37.6%
NFC Surgery Center, LLC	S	Davidson	1	1	372	387	389	48.6%
Premier Radiology Pain Management Center	S	Davidson	0	2	4,156	1,666	2,000	125%
Crossroads Surgery Center LLC	S	Williamson	0	1	0	220	275	34.3%
Williamson Surgery Center	M	Williamson	4	1	3,680	3,531	3,410	85%
Franklin Endoscopy Center	S	Williamson	0	2	2,602	3,269	2,527	157%
The Bone and Joint Surgery Center, LLC	M	Williamson	3	0	3,398	0	0	N/A
Cool Springs Surgery Center	M	Williamson	5	1	6,751	6,790	6,501	135%
Total			*73	56	122,795	110,356	109,963	107%
Capacity Per Room			800	800				
Total Capacity			58,400	44,800				
			103,200					

*2011 JAR Report data

The overall utilization for the thirty-four (34) ASTCs operating in the service area averaged 107% of the *Tennessee's Health: Guidelines for Growth's* ASTC utilization standard of 800 cases per room per year for the most recently reported year 2011. Overall there is an 11.7% decline in cases from 122,795 in 2009 to 109,963 in 2011.

Licensed ASTCs Endoscopy Recent Utilization in Franklin Endoscopy Center's Service Area

County (Total Licensed ASTCs)	ASTCs performing Endoscopies	Single Or Multi Specialty	No. of OR/ Procedure Rooms		2009 Cases Total/ Endoscopies	2010 Cases Total/ Endoscopies	2011 Cases Total/ Endoscopies	Utilization vs. 800 Annual Cases/Room Standard
Davidson (30)	Centennial Surgery Center	M	6	2	3,633/513	7,217/1,015	7405/920	115%
	Northridge Surgery center	M	4	2	3,789/489	3,673/474	3,201/445	66.6%
	Digestive Disease Endoscopy Ctr.	S	0	4	6,715	6,041	5,845	182%
	Nashville Endoscopy Center	S	0	3	2,716	2,615	2,594	108%
	Southern Endoscopy Ctr.	S	0	3	2,926	2,966	2,591	108%
	Mid-State Endoscopy Ctr.	S	0	3	2,371	2,523	2,404	100%
	St. Thomas Medical Group Endoscopy Ctr.	S	0	2	4,179	3,502	3,411	213%
	Nashville Gastrointestinal Endoscopy center	S	0	2	3,112	2,451	2,698	168%
	Associated Endoscopy	S	0	3	5,139	4,738	5,222	217%
	American Endoscopy center	S	1	1	486	598	602	75.2%
Williamson (5)	Williamson Surgery Center	M	4	1	3410/593	3,531/363	3,410/593	85.2%
	Franklin Endoscopy Ctr.	S	0	2	2,602	3,269	2,527	157%
	Cool Springs Surgery Ctr.	M	5	1	6,501/2,273	6,790/2,122	6,501/2,273	135%
Total (35 ASTCs)		9 single endoscopy specialty 4 multi- specialties	20/29		47,579/ 34,114	49,563/ 32,677	48,419/ 32,125	123%

Source: Department of Health Joint Annual Reports for ASTCs, 2009, 2010, 2011

*Normally endoscopy procedures performed in hospitals are not reported separately in the JAR, but are included in the surgery counts.

The chart above reflects within the service area, ASTC endoscopy utilization has shown a 1.7% annual increase from 2009 to 2011. Overall, the thirteen ASTC's operating in the service area providing endoscopies are operating at 123% of the

Franklin Endoscopy Center

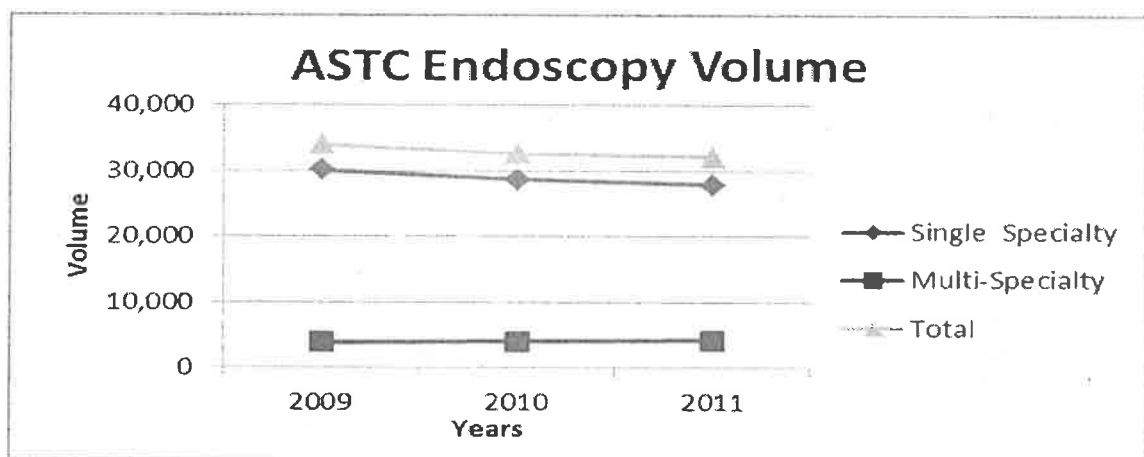
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800 annual cases per room standard. Nine of the ten (10) single specialty ASTCs (with 22 procedure/OR rooms) reported volumes exceeding the 800 procedures per room standard for a total utilization of 155% above the standard. The multi-specialty ASTCs (with 25 procedure/OR rooms), are operating at a 103% utilization rate above the standard.

The chart below indicates overall there has been a 6.1% decline in endoscopies from 34,114 cases in 2009 to 32,125 cases in 2011 in the applicant's service area. Single-Specialty ASTCs providing endoscopies experienced an 8.4% decline in the volume of endoscopies from 30,246 cases in 2009 to 27,894 cases in 2011. On the other hand, Multi-Specialty ASTCs providing endoscopies experienced a 9.3% growth rate from 3,868 cases in 2009 to 4,231 cases in 2011.



The Department Health Report indicates in 2010 there were 98,954 hospital based outpatient procedures in the service area.

The chart on the next page displays Franklin Endoscopy Center's historical and projected volumes and compares them with the current *Guidelines for Growth's* ASTC operating/procedure room utilization standards

**Franklin Endoscopy Center
ASTC's Historical & Projected Utilization**

				Projected Endoscopies		Projected Surgeries		Projected Surgery/Endoscopies	
	2009	2010	2011	2014 (1 st Yr)	2015 (2 nd Yr)	2014 1 st (Yr)	2015 2 nd (Yr)	2014 1 st (Yr)	2015 2 nd (Yr)
Rooms	2	2	2	2	2	2	2	4	4
Total Cases	2,602	3,269	2,527	2,476	2,526	1,520	1,767	3,996	4,293
Cases/Room	1,301	1,634	1,263	1,238	1,263	760	883	999	1,073
% of Standard*	162%	204%	157%	154%	157%	95%	110%	124%	134%

**800 cases/room standard from Guidelines for Growth*

The above table indicates the applicant projects utilization of the Guidelines for Growth 800 cases/room standard of 157% in Year Two of the project for the two (2) existing endoscopy procedure rooms, 110% utilization for the proposed two (2) operating rooms and 134% utilization for all four rooms. The applicant projects an increase of 7.4% in cases from 3,996 in Year One (2014) to 4,293 in Year Two.

The table below projects the applicant's cases and procedures by specialty for Year One of the proposed project. As indicated below, 62% of the total volume of the 2 procedure and 2 operating rooms will be devoted to gastro-intestinal patients.

**Year One
Projected Cases/Procedures**

Specialty	Cases	%	Procedures	%
Anesthesiology	6	0.1%	14	0.2%
ENT	546	13.7%	1,366	19.8%
GI	2,476	62.0%	3,095	44.9%
Neurosurgery	25	0.6%	62	0.9%
Orthopedics	498	12.5%	1,245	18.1%
Pain Management	446	11.2%	1,115	16.2%
Total	3,996	100.0%	6,896	100.0%

The applicant states approximately 10,200 square feet of space in a new medical office building will be required. The facility build-out is estimated at \$1,652,400 or approximately \$162 per square foot. The projected cost per square foot

compares closely to the \$167.99 median cost per square foot of previously approved ASTC applications for renovation projects between 2009 and 2011.

The project's Medicare and TennCare revenues in Year One are projected at \$4,359,751 (20%) and \$347,045 (5%), respectively. The applicant reports in 2011 \$7,575 in indigent care was provided to endoscopy patients that represented a total of 0.1% of gross patient charges totaling \$11,952,002. The applicant is contracted with the Middle Tennessee TennCare MCOs AmeriGroup and UHC Community, but is not contracted with TennCare Select.

The applicant projects .5% charity/indigent care and .56% bad debt in the first and second years of operation. The average gross charge is \$3,146/case in Year One and \$3,143 in Year Two. The Average Net Charge is estimated to be \$722/case in Year One and \$723 In Year Two. A comparison of charges to other endoscopy ASTCs is provided on page 7 of the supplemental response.

The projected 6,896 procedures will produce Gross Operating Revenues (GOR) of \$21,690,305 in the first year of operation, growing to 7,578 procedures and \$23,815,654 GOR in year two. Deductions from Operating Revenue of 77% will reduce the Net Operating Revenue (NOR) to \$4,978,285 in the first year and \$5,475,596 in the second year. Net Operating Income of \$325,135 is projected in the first year, while \$427,656 in Net Operating Income is estimated in the second year. Annual Capital Expenditures of \$473,403 will reduce the first year's projected Net Operating Income Less Capital Expenditures to \$325,135. Similar charges for Annual Capital Expenditures in the second year will produce Net Operating Income Less Capital Expenditures of \$427,656.

According to the Historical Data Chart, Franklin Endoscopy Center has been profitable for each of the last three years reporting favorable net operating income (NOI) after capital expenditures of \$368,518.00 in 2009; \$1,034,045.00 in 2010; and \$648,102.00 in 2011. Average annual NOI was favorable at approximately 28.5% of annual net operating revenue for the year 2011.

The cost of the project for CON purposes is projected to be \$7,420,105. Of this total amount, \$140,454 is for Architectural and Engineering Fees; \$1,652,400 for Construction Costs; \$50,334 is for a Contingency Fund; \$485,000 for Fixed Equipment; \$165,879 for Other (pre-opening salaries, space lease, set-up) \$23,340 in Interim Financing; \$3,645,710 is for the Facility Lease; \$1,115,330 is for Moveable Equipment; \$125,000 is for Legal, Administrative and Consulting fees; and \$16,658 is for CON filing fees.

The applicant plans to fund tenant improvements, equipment and furnishings with a 7 year term commercial loan in the amount of \$3.9 million from First Tennessee Bank. A copy of the funding letter is located in Attachment D of the supplemental response. The applicant has provided a consolidated balance sheet that reflects \$49,099,000 in cash and cash equivalents as of March 31, 2012.

The applicant states the staffing at Franklin Endoscopy Center will increase from 7.6 to 23 FTEs of which will include 15.0 clinical FTEs.

The applicant has submitted the required corporate documentation, real estate option to lease and requisite demographic information for the applicant's proposed service area. HSDA staff has reviewed these documents. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding certificates of need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
11/30/2012

LETTER OF INTENT



2012 SEP 10 AM 10:32

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean which is a newspaper
of general circulation in Davidson, Tennessee, on or before September 10, 2012
(County) (Month / day) (Year)
for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Franklin Endoscopy Center (A Member of the Saint Thomas Surgery Center Network), an existing Ambulatory Surgical Treatment Center (ASTC)
(Name of Applicant) (Facility Type-Existing)

owned by Franklin Endoscopy Center, LLC with an ownership type of limited liability company
and to be managed by: United Surgical Partners International, Inc. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

the relocation of the existing ASTC with two (2) surgical procedure suites for endoscopic procedures performed by the center's staff and the addition of two (2) multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff, thus converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. Construction of approximately 10,000 square feet of space in a new medical office building will be required. The existing facility is located at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County). The proposed facility will be located at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County). The total cost of the project is estimated to be \$7,420,105.

The anticipated date of filing the application is: September 14, 2012

The contact person for this project is Robert Limyansky Partner
(Contact Name) (Title)

who may be reached at: The Strategy House, Inc. 71 Vickery Street
(Company Name) (Address)

Roswell GA 30075 770-394-8465
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 9/7/2012 rlimyansky@thestrategyhouse.net
(Signature) (Date) (E-mail Address)

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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ORIGINAL APPLICATION

2012 SEP 14 PM 12: 37

1. <u>Name of Facility, Agency, or Institution</u>			
Franklin Endoscopy Center (now at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067)			
Name		Williamson	
9160 Carothers Parkway		County	
Street or Route		TN 37067	
Franklin		State	
City		Zip Code	
2. <u>Contact Person Available for Responses to Questions</u>			
Robert M. Limyansky		Partner	
Name		Title	
The Strategy House, Inc.		rlimyansky@thestrategyhouse.net	
Company Name		email address	
71 Vickery Street		Roswell	GA 30075
Street or Route		City	State Zip Code
Consultant		770-394-8465 x120	770-394-5470
Association with Owner		Phone Number	Fax Number
3. <u>Owner of the Facility, Agency or Institution</u>			
Franklin Endoscopy Center, LLC		615-550-6066	
Name		Phone Number	
740 Cool Springs Boulevard, Suite 210B		Williamson	
Street or Route		County	
Franklin	TN	37067	
City	ST	Zip Code	
See Attachment A, 3 (Tab 1) – Corporate Charter documentation			
4. <u>Type of Ownership of Control (Check One)</u>			
A. Sole Proprietorship	_____	F. Governmental (State of TN or Political Subdivision)	_____
B. Partnership	_____	G. Joint Venture	_____
C. Limited Partnership	_____	H. Limited Liability Company	<u> X </u>
D. Corporation (For Profit)	_____	I. Other (Specify)	_____
E. Corporation (Not-for-Profit)	_____		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

See Attachment A, 3 (Tab 1) – Corporate Charter documentation
 See Attachment A, 4 (Tab 2) – Organizational/Ownership Chart
 See Attachment A, 4 (Tab 3) – Related Healthcare Institutions

5. **Name of Management/Operating Entity (If Applicable)**

United Surgical Partners International, Inc.

Name

8 Cadillac Drive, Suite 200

Street or Route

Brentwood

City

TN

ST

Williamson

County

37027

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

See Attachment A, 5 (Tab 4) – Management Agreement. The management company serves the facilities listed in Tab 3 as part of the Saint Thomas Surgery Center Network.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership

B. Option to Purchase

C. Lease of Years

D. Option to Lease

E. Other (Specify)

X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

See Attachment A, 6 (Tab 5) – Site Entitlement

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) Acute Care

B. Ambulatory Surgical Treatment

Center (ASTC), Multi-Specialty

C. ASTC, Single Specialty X

D. Home Health Agency

E. Hospice

F. Mental Health Hospital

G. Mental Health Residential

Treatment Facility

H. Mental Retardation Institutional

Habilitation Facility (ICF/MR)

I. Nursing Home

J. Outpatient Diagnostic Center

K. Recuperation Center

L. Rehabilitation Facility

M. Residential Hospice

N. Non-Residential Methadone

Facility

O. Birthing Center

P. Other Outpatient Facility

(Specify)

Q. Other (Specify)

8. **Purpose of Review (Check as appropriate--more than one response may apply)**

A. New Institution

B. Replacement/Existing Facility

C. Modification/Existing Facility

D. Initiation of Significant Health Care

Service as defined in TCA § 68-11-

1607(4) (Spec) Multispecialty ASTC X

E. Discontinuance of OB Services

F. Acquisition of Equipment

G. Change in Bed Complement

[Please note the type of change

by underlining the appropriate

response: Increase, Decrease,

Designation, Distribution,

Conversion, Relocation]

H. Change of Location X

I. Other (Specify)

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
	<u>Licensed *CON</u>			
A. Medical	_____	_____	_____	_____
B. Surgical (General Med/Surg)	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____
*approved but not yet in service				

RESPONSE: Not applicable.

10. **Medicare Provider Number** 3739844
Certification Type Outpatient Surgery Center

11. **Medicaid Provider Number** 3739844
Certification Type Outpatient Surgery Center

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?** N/A

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes** If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or *plans to contract*.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

RESPONSE: AmeriGroup, TennCare Select and UHC Community (formerly AmeriChoice) are the three TennCare MCOs operating in the area. The applicant is contracted with AmeriGroup and UHC Community. Please see **Attachment A, 13 (Tab 6)** for a list of managed care contracts.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: Please see the following executive summary.

**FRANKLIN ENDOSCOPY CENTER
OUTPATIENT SURGERY ASTC RELOCATION AND EXPANSION**

Ownership. Franklin Endoscopy Center, LLC is a joint venture between Saint Thomas Health, United Surgical Partners International, Inc. and area physicians. The joint venture owns and operates 14 endoscopy and surgery centers in the greater Nashville area, including 6 in Davidson County, 3 in Rutherford County, 2 in Wilson County and 1 each in Coffee, Sumner and Williamson Counties.

Services and Equipment. This project proposes the relocation of the existing Franklin Endoscopy Center ASTC (currently operating two surgical procedure suites for endoscopic procedures performed by the center's staff), as well as the addition of two multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff, thus converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. Franklin Endoscopy Center is currently located in Franklin zip code 37067 at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County). The proposed facility will be located at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County), roughly 1.5 miles (4 minutes) from the current location by car. Construction of approximately 10,200 square feet of usable space in a new medical office building will be required. The facility relocation and two operating room expansion is designed to increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. No major equipment is proposed.

Service Area. Franklin Endoscopy Center is currently located in Franklin zip code 37067 at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County). The proposed facility will be located at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County), roughly 1.5 miles (4 minutes) from the current location by car. The primary service area is currently comprised of three zip codes in Williamson County (37027, 37067, 37069) while the secondary service area is comprised of three zip codes in Davidson County (37215, 37220, 37221). The proposed service area population will not change due to the close proximity of the relocation.

Last year, in 2011, the three Nashville ASTCs mentioned above served 23,569 patients. Of this total, 15.1%, or 3,568 patients, resided in the six zip code service area surrounding Franklin Endoscopy Center. According to Google Maps, these three ASTCs are 17.5 - 18.3 miles from Franklin Endoscopy Center, or a 24 - 26 minute drive by automobile. The proposed location is of similar distance from the 3 facilities, between 15.8 - 22.3 miles, or a 19 - 26 minute drive by

automobile. This project will allow existing Saint Thomas Health surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality surgery services closer to their home.

Need. Approval of the Franklin Endoscopy Center surgery relocation and expansion project will improve access to and the quality of cost-effective outpatient surgery services. A number of provider and public needs in the community will be met.

- Decompress highly utilized ASTCs at Saint Thomas Health in Nashville,
- Treat existing patients from the six zip code service area closer to home,
- Foster innovation by supporting the unique needs of the MissionPoint ACO, and
- Provide a more cost-effective alternative due to the conversion of Williamson Surgery Center from a lower cost freestanding ASC to a higher cost hospital-based ASC.

Existing Resources. The benefits above can be achieved with no or minimal negative effects on the health care system.

- Existing providers are very highly utilized,
- Saint Thomas Health proposes to serve its existing patients, and
- Projected population growth will continue to support the need for existing providers.

Project Cost. The total cost of the project will be \$7,420,105, which includes equipment costs of \$1,600,330 and construction costs of \$1,652,400 (approximately 10,200 square feet at \$162 per square foot). The fair market value of the 10-year space lease is \$3,645,710.

Funding, Financial Feasibility. Franklin Endoscopy Center has secured funding for the project and the outpatient surgery relocation and expansion will produce a positive financial return. The project will have no adverse impact on endoscopy patient charges.

Staffing. There are 7.6 full-time equivalent employees (FTEs) already at Franklin Endoscopy Center, including 5.6 FTEs serving in clinical functions. The expanded facility will require 23.0 FTEs, including 15.0 FTEs in clinical functions. Please note that the facility currently makes use of a centralized business office. The expanded staffing plan anticipates that many centralized billing office functions will be brought on-site. Additional candidates are readily available from within the existing surgery center network or in the marketplace in general.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: This project proposes the relocation of the existing Franklin Endoscopy Center ASTC (currently operating two surgical procedure suites for endoscopic procedures performed by the center's staff), as well as the addition of two multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff, thus converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. Construction of approximately 10,200 square feet of space in a new medical office building will be required. Facility build out expenses are estimated to cost \$1,652,400, or approximately \$162 per square foot.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: Not applicable. This outpatient surgery center project does not involve beds.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost / SF		
					Renovated	New	Total	Renovated	New	Total
OR #1 - Class C, Major	N/A	N/A	N/A	3rd Floor	0	450	450	\$0	\$500	\$500
OR #2 - Class C, Major	N/A	N/A	N/A	3rd Floor	0	450	450	\$0	\$500	\$500
OR #3 - Class B, minor	N/A	N/A	N/A	3rd Floor	0	297	297	0	\$300	\$300
OR #4 - Class B, minor	N/A	N/A	N/A	3rd Floor	0	285	285	0	\$300	\$300
PACU/Support	N/A	N/A	N/A	3rd Floor	0	5,203	5,203	\$0	\$164	\$164
B. Unit/Depart. GSF Sub-Total	N/A	N/A	N/A	3rd Floor	0	6,685	6,685	\$0	N/A	\$0
C. Mechanical/ Electrical GSF										
D. Circulation /Structure GSF	N/A	N/A	N/A	3rd Floor	0	3,515	3,515	\$0	N/A	\$50
E. Total GSF	N/A	N/A	N/A	3rd Floor	0	10,200	10,200	\$0	N/A	\$162

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C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: Not applicable. Franklin Endoscopy Center is an existing Ambulatory Surgical Treatment Center (ASTC) currently operating two surgical procedure suites for endoscopic procedures performed by the center's staff. This project proposes the relocation and expansion of the facility through the addition of two multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff.

D. Describe the need to change location or replace an existing facility.

RESPONSE: This project proposes the relocation and expansion of the Franklin Endoscopy Center, an existing Ambulatory Surgical Treatment Center (ASTC) currently operating two surgical procedure suites for endoscopic procedures performed by the center's staff. The facility will be moved from its current location on the second floor of a medical office building located at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County), to the third floor of a larger, newly constructed medical office building located roughly 1.5 miles from the current location at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County).

This relocation of the Franklin Endoscopy Center has become necessary due to mechanical issues at the current site. Initially, the applicant pursued a project involving the expansion of the facility at its current space. This expansion involved the addition of two multispecialty outpatient surgery operating rooms and related support space, needed to alleviate volume growth at the facility (this need is detailed later in this application). As expected, architectural and engineering analyses determined that the existing HVAC system was inadequate for the expansion. Unfortunately, it was later discovered that HVAC upgrades could only be accomplished by expanding on the roof. This, however, would have required additional support columns in the facility, thus making the project no longer economically feasible.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency

Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

- a. Describe the new equipment, including:
 1. Total cost; (As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.

RESPONSE: Not applicable. No major medical equipment purchases are proposed. (Current and proposed schedules of operations are Monday through Fridays from 6:30 a.m. to 4:30 p.m.)

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

RESPONSE: Not applicable. No mobile major medical equipment purchases are proposed.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.). In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not applicable. As described above, no major medical equipment purchases are proposed.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: Please see Attachment B, III.(A) (Tab 7) for a copy of the plot plan. The proposed facility will occupy leased space comprising the entire third floor of a newly constructed medical office building.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: The relocated Franklin Endoscopy Center will be conveniently located on Carothers Parkway, one-half mile east of Highway I-65 at Exit 69 and approximately one-half mile east of the Cool Springs Galleria Mall.

Franklin Transit Authority bus service is available from the Cool Springs Galleria Mall area Monday through Saturday, 6:00 a.m. to 6:00 p.m. In addition to fixed route service, Franklin Transit Authority also offers Transit On Demand (TODD) Service. TODD is a pre-arranged, curb-to-curb pick-up and drop-off service that also provides all-day, same-day access to Franklin's Fixed Route Service. In addition, Cool Springs Express Service is a pre-arranged, curb-to-curb pick-up and drop-off service originating in the Cool Springs area of Franklin. Thirty minute service is guaranteed. Please see **Attachment B, III.(B).1 (Tab 8)** for maps depicting these local bus routes.

Due to patient discharge policies, however, bus and taxi access is not advisable. Patients arrive and leave via private automobile. The proposed relocation and two operating room expansion at Franklin Endoscopy Center is designed to increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. Last year, in 2011, these three ASTCs alone served 23,569 patients. Of this total, 15.1%, or 3,568 patients, resided in the six zip codes surrounding Franklin Endoscopy Center. According to Google Maps, these three ASTCs are 17.5 - 18.3 miles from the current Franklin Endoscopy Center location, or a 24 - 26 minute drive by automobile. The proposed location is of similar distance from the 3 facilities, between 15.8 - 22.3 miles, or a 19 - 26 minute drive by automobile. This project will allow existing Saint Thomas surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality services closer to their home.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

RESPONSE: Please see **Attachment B, IV (Tab 9)** for the floor plan schematics.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

RESPONSE: Not applicable. The project does not involve a Home Health Agency or Hospice.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the *State Health Plan* and *Tennessee's Health: Guidelines for Growth*.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

RESPONSE: Under the *Guidelines for Growth: Criteria and Standards for Certificate of Need, Edition 2000*, there are two sets of criteria applicable to the proposed project, the sections titled "Ambulatory Surgical Treatment Centers" and "Construction, Renovation, Expansion, and Replacement of Health Care Institutions." This proposed project also is consistent with the "5 Principles for Achieving Better Health" found in the *State Health Plan*.

AMBULATORY SURGERY TREATMENT CENTERS

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:
 - a. An operating room is available 250 days per year, 8 hours per day.

RESPONSE: Franklin Endoscopy Center currently operates according to this general schedule (Monday through Friday, 6:30 a.m. to 4:30 p.m.) and intends to do so in the future.
 - b. The average time per outpatient surgery case is 60 minutes.

RESPONSE: The applicant acknowledges that this assumption is reasonable for the case mix anticipated at the expanded and relocated Franklin Endoscopy Center. Current endoscopic procedures last approximately 15 to 30 minutes. The addition of more complex surgical cases will increase this average time.

- c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

RESPONSE: The applicant acknowledges that this assumption is reasonable for the case mix anticipated at the expanded and relocated Franklin Endoscopy Center. Current endoscopic time for clean up and preparation is approximately 10 to 15 minutes. The addition of more complex surgical cases will increase this average time.

- d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

RESPONSE: Franklin Endoscopy Center plans to operate at 800 cases/patients/procedures or more per year, for each operating room and procedure room.

- e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: Franklin Endoscopy Center currently staffs two procedure rooms. Pending CON approval, the relocated Franklin Endoscopy Center will staff two procedure rooms and two operating rooms.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

RESPONSE: Historically, Franklin Endoscopy Center (based on two endoscopic procedure rooms) has been highly utilized by patients residing in Williamson, Davidson and Maury Counties. Please refer to EXHIBIT 1.

EXHIBIT 1
Franklin Endoscopy Center
Historical Patient Origin Data
Endoscopy Patients Only, Unduplicated
2008-2011

County	2008	2009	2010	2011	2011%	Cumulative %
Williamson	1,435	1,689	1,772	1,685	68.1%	68.1%
Davidson	149	202	219	176	7.1%	75.2%
Maury	227	355	382	358	14.5%	89.7%
All Other Counties	225	268	293	256	10.3%	100.0%
Total	2,036	2,514	2,666	2,475	100.0%	

Source: Joint Annual Report of Ambulatory Surgical Treatment Centers

One of the goals of this proposed relocation and two operating room expansion at Franklin Endoscopy Center is to increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. Last year, in 2011, these three ASTCs alone served 23,569 patients. Of this total, 15.1%, or

3,568 patients, resided in the six zip codes surrounding Franklin Endoscopy Center. Please refer to the service area map in **Attachment C, Need – 1 (Tab 10)**.

Physician office locations are not expected to change upon approval of the operating room expansion. In 2011, only 308 of the 23,569 patients served at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare, or just 1.3% of the total, resided in Maury County. In fact, Saint Thomas Campus Surgicare did not receive a single patient from Maury County in 2011.

Therefore, based upon historical and projected physician referral patterns, the proposed service area for the relocated facility will be Williamson and Davidson Counties only. Please refer to **EXHIBIT 2**.

EXHIBIT 2
Franklin Endoscopy Center
Projected Patient Origin Data
Surgery Patients Only
2013-2015

Zip Codes	Service Area	County	2013	2014	2015	2015%	Cum%
37027, 37067, 37069	Primary	Williamson	747	847	950	50%	50%
37215, 37220, 37221	Secondary	Davidson	513	628	747	40%	90%
All Other Zips			139	162	187	10%	10%
Total			1,399	1,637	1,884	100%	100%

Many doctors, especially those in large group practices, have long recognized the need for satellite offices closer to their patients. The concentration of population in Williamson County makes such satellite offices feasible and economical. Providing outpatient surgery near these satellite offices also is a natural progression of the patient-focused care model. As documented below, a large number of doctors proposing to use the planned Franklin Endoscopy Center already have offices in the area. Please see **EXHIBIT 3** below for a table detailing the number of surgeons who use the Saint Thomas Surgery Network and are already located in the Brentwood, Franklin or Cool Springs area. Please note that surgeons may have multiple office locations.

EXHIBIT 3
SAINT THOMAS SURGERY CENTER NETWORK PHYSICIANS
WITH OFFICES IN SERVICE AREA

	37027	37067	37069	37215	37220	37221	Total
Neurosurgery							0
Orthopedics		5					5
Pain Management							0
Anesthesiology							0
Ophthalmology	3	3	3	3		3	15
Urology		1					1
Otolaryngology		8					8
Podiatry				1			1
Total	3	17	3	4	0	3	30

The proposed project is not dependent upon any additional surgeons relocating their offices from downtown Nashville or establishing satellite offices in the Brentwood, Franklin or Cool Springs area in the future. That said, there are 20 additional surgeons who have expressed interest in joining the current center's 2 existing gastroenterologists. These surgeons would have to average just 6.66 procedures per month to reach capacity on the 2 additional ORs (800 procedures/OR/year x 2 ORs = 1,600 procedures/year; 1,600 procedures/year ÷ 20 surgeons ÷ 12 months/year = 6.66 procedures/surgeon/month). Of these 20 additional surgeons, only 2 are not now affiliated with the Saint Thomas Surgery Center Network.

3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

RESPONSE: This proposed relocation and two operating room expansion of the Franklin Endoscopy Center is expected to redirect existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. The service area is comprised of six zip codes surrounding Franklin Endoscopy Center. Please refer to the service area map in **Attachment C, Need – 1 (Tab 10)**.

According to Google Maps, these three ASTCs are 17.5 - 18.3 miles from the current location of the Franklin Endoscopy Center, or a 24 - 26 minute drive by automobile. The proposed location is of similar distance from the 3 facilities, between 15.8 – 22.3 miles, or a 19 – 26 minute drive by automobile. This project will allow existing Saint Thomas surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality services closer to their home. Thus, such patients are expected to reside within 30 minutes of Franklin Endoscopy Center.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

RESPONSE: Based on the standard of 800 procedures per procedure room, Franklin Endoscopy Center operated at 201% capacity in 2009, 211% capacity in 2010 and 197% capacity in 2011. Clearly, Franklin Endoscopy Center has demonstrated its ability to operate well above State standards for endoscopic procedures alone.

Similarly, for the same period of time, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare averaged 288% - 329% capacity including procedure rooms and 329% - 376% capacity excluding procedure rooms. Redirecting existing outpatient surgery patients from these three ASTCs to Franklin Endoscopy Center will have the desired effect of decompressing patient volume in Nashville without adversely impacting on-going operational efficiencies.

This capacity trend data is reported in **Attachment C, Need – 1 (Tab 11)**. Saint Thomas Surgery Center Network facilities have a history of performing more than 800 operations and/or procedures per year per operating room and/or procedure room and should be expected to do so in the future.

In fact, from 2009 to 2011, of the larger ASTC providers in Williamson and Davidson Counties offering similar services to those proposed here, none operated below 110% capacity including procedure rooms or 132% capacity excluding procedure rooms.

Even considering every one of the 34 - 35 ASTCs in Williamson and Davidson Counties from 2009 to 2011, aggregate utilization always exceeded 100% capacity whether including or excluding procedure rooms, whether comparing patients or procedures. In conclusion, area providers are very highly utilized regardless of the approach used to measure capacity. As will be documented later, service area population growth will continue to support high ASTC utilization. ASTC JAR summaries for Williamson and Davidson Counties also are reported in **Attachment C, Need – 1 (Tab 11)**.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Facilities Commission may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

RESPONSE: Based on the standard of 800 procedures per procedure room, Franklin Endoscopy Center operated at 201% capacity in 2009, 211% capacity in 2010 and 197% capacity in 2011. Franklin Endoscopy Center has far exceeded the 80% need standard.

Considering every one of the 34 - 35 ASTCs in Williamson and Davidson Counties from 2009 to 2011, aggregate utilization always exceeded 100% capacity whether including or excluding procedure rooms, whether comparing patients or procedures. Area providers are very highly utilized regardless of the approach used to measure capacity. ASTC JAR summaries for Williamson and Davidson Counties are reported in **Attachment C, Need – 1 (Tab 11)**. For these facilities:

Utilization as measured by admissions/discharges actually increased over the past three years, from 123,574¹ in 2009 to 126,555, or by +2.4%.

Available capacity as measured by operating rooms and procedure rooms actually decreased over the past three years, from 110,400² patients/procedures to 107,200 patients/procedures, or by -2.9%.

The few ASTCs not performing at the minimum 800 cases/room/year standard are not a viable alternative to the expanded Franklin Endoscopy Center.

- The Center for Assisted Reproductive Technology – a service not provided by FEC
- DeLozier Surgery Center – plastic surgery only, a service not provided by FEC
- Gurley Surgery Center – gynecology only, a service not provided by FEC
- Nashville Vision Correction – laser vision only, a service not provided by FEC
- NFC Surgery Center – infertility only, a service not provided by FEC
- Wesley Ophthalmic Plastic Surgery Center – services not provided by FEC
- American Endoscopy Center – FEC is not proposing to expand existing endo svcs
- Crossroads Surgery Center – pain management only, began reporting in 2010, 195% of capacity in 2011 based on reported admission/discharges

In conclusion, area providers are very highly utilized regardless of the approach used to measure capacity. The relocated and expanded Franklin Endoscopy Center will contribute to the orderly development of health care.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

RESPONSE: Franklin Endoscopy Center currently operates two surgical procedure suites for endoscopic procedures performed by the center's staff and now proposes the addition of two multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: This methodology was originally presented in Franklin Endoscopy Center's July 2012 CON application, CN1207-035. This original application sought approval to add two operating rooms at the existing facility. As expected, architectural and engineering analyses determined that the existing HVAC system was inadequate for the expansion. Unfortunately, it was later discovered that HVAC upgrades could only

¹ For comparison purposes, the 3,398 admissions/discharges reported at The Bone and Joint Surgery Center must be excluded from the trend analysis since 2009 was the last year it reported data as an ASTC.

² For comparison purposes, the 3 operating rooms (2,400 patients/procedures) reported at The Bone and Joint Surgery Center must be excluded from the trend analysis since 2009 was the last year it reported data as an ASTC.

be accomplished by expanding on the roof. This, however, would have required additional support columns in the facility, thus making the project no longer economically feasible.

Franklin Endoscopy Center CN1207-035 was subsequently withdrawn from review and replaced with this relocation and expansion CON application. As part of this 1.5-mile relocation, a new medical office building will be constructed for the surgery center. While the original project was projected to become operational in July 2013, this new project will become operational in February 2014. This seven month delay is not considered material in terms of the original utilization projections. However, since the projections are based on population growth which would result in higher case volumes, the original volume projections are still relied upon here. To be conservative, this slight implementation delay was not used to support an increase in volume projections.

Aside from points of clarification requested in the supplemental responses to CN1207-035, the utilization projections below are the same as presented in the original CON application.

The proposed relocation and two operating room expansion at Franklin Endoscopy Center is designed to, among other goals, increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. Last year, in 2011, these three ASTCs alone served 23,569 patients. Of this total, 15.1%, or 3,568 patients, resided in the six zip codes surrounding Franklin Endoscopy Center. According to Google Maps, these three ASTCs are 17.5 - 18.3 miles from the current Franklin Endoscopy Center location, or a 24 - 26 minute drive by automobile. The proposed location is of similar distance from the 3 facilities, between 15.8 - 22.3 miles, or a 19 - 26 minute drive by automobile. This project will allow existing Saint Thomas surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality services closer to their home.

The assumptions and methodology by which utilization for surgery and endoscopy is projected is as follows.

Part I - Surgery

- Existing surgery patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare were analyzed. Last year, in 2011, these three ASTCs alone served 23,569 patients.
- Data from these three ASTCs were analyzed for the six zip codes surrounding Franklin Endoscopy Center. Of the total 23,569 patients, 15.1%, or 3,568, resided in the proposed primary/secondary service area. Please see the table below for the patient origin by zip code of these patients.

EXHIBIT 4
EXISTING SAINT THOMAS SURGERY CENTER NETWORK PATIENTS
By ZIP CODE

2012 SEP 14 PM 12:37

	37027	37067	37069	37215	37220	37221	Total
Baptist ASC	243	59	87	190	50	282	911
Baptist Plaza Surgicare	430	127	146	223	80	313	1,319
St. Thomas Campus Surgicare	312	74	118	341	54	439	1,338
Total	985	260	351	754	184	1,034	3,568

Of the 119 surgeons serving patients residing in the six zip codes, several already have offices in the zip code service area. Many of their patients now by-pass the Franklin Endoscopy Center facility to receive care at the Saint Thomas ASTCs in Nashville. See the table below for detailed data regarding these physician offices by specialty and zip code (Please note that surgeons may have multiple office locations).

EXHIBIT 5
SAINT THOMAS SURGERY CENTER NETWORK PHYSICIANS
WITH OFFICES IN SERVICE AREA

	37027	37067	37069	37215	37220	37221	Total
Neurosurgery							0
Orthopedics		5					5
Pain Management							0
Anesthesiology							0
Ophthalmology	3	3	3	3		3	15
Urology		1					1
Otolaryngology		8					8
Podiatry				1			1
Total	3	17	3	4	0	3	30

For these physicians, estimates were obtained as to the percentage of their case load that could be redirected to outpatient operating rooms in Cool Springs. Conservative redirection percentages were then applied. These redirection factors were decided upon two ways. First, the manager, USPI, discussed the concept with Saint Thomas Health physicians to gauge their need for a multispecialty ASC in Williamson County. Physicians were asked, confidentially, to estimate patient volumes at Franklin Endoscopy Center based upon their anticipated practice patterns. Second, USPI analyzed aggregate physician data for the three Saint Thomas Health ASCs from the six targeted zip codes. Patient volume estimates were then produced assuming that some, but by no means all, of the existing Saint Thomas Health ASC patients would be redirected to the expanded Franklin Endoscopy Center. The redirection

factors reported above actually harmonize the self-reported individual physician estimates with USPI's aggregate ASC-level estimates for the greater Nashville area. These factors assume that:

- At least a quarter (25%) of a physician's existing patient volume will be redirected in order to maintain efficiency within the physician's practice at two locations.
 - Except perhaps in rare instances where a physician would relocate his or her entire practice, no more than three quarters (75%) of a physician's existing patient volume will be redirected in order to maintain efficiency within the physician's practice at two locations.
 - More patients will be redirected from the zip codes closer to the expanded Franklin Endoscopy Center (45%, 50%, 55%), while fewer patients will be redirected from the zip codes farther from the expanded and relocated Franklin Endoscopy Center (25%, 30%, 35%).
 - Redirection will increase over the first three years of operation (5% per year) as patient familiarity and surgeon practice patterns adopt to the expanded and relocated Franklin Endoscopy Center.
- In subsequent years, patient volumes were increased 2% per year for service area population growth. According to Claritas, Williamson and Davidson Counties are expected to experience 1.0% annual growth from 2012 to 2017, and 3.8% annual growth for the 65 and older population (who utilize healthcare services the most).
 - Annual estimates for the expanded Franklin Endoscopy Center are then provided for 2013, 2014 and 2015 in EXHIBIT 6. The three redirection estimates (one set for PSA and another set for SSA) correspond to one for each of the three projection years (2013, 2014 and 2015). Space limitations prohibited the use of separate columns for each redirection estimate. For example, the 2015 FEC estimate of 950 patients in the primary service area is calculated as follows. The 2011 baseline is 1,596 patients. Two percent population growth over 4 years yields 1,728 total patients in 2015. Applying the 55% redirection factor results in 950 patients. Similarly, the 2013 FEC estimate of 513 patients in the secondary service area is calculated as follows. The 2011 baseline is 1,972 patients. Two percent population growth over 2 years yields 2,052 total patients in 2013. Applying the 25% redirection factor results in 513 patients.
 - The "All Other Zips" category accounts for the redirection of existing Saint Thomas Health Surgery Center Network patients to the relocated and expanded Franklin Endoscopy Center from outside the 6 zip codes defined above. This "outside area" estimate of approximately 10% was used to account for the inevitable extra patients who reside outside the defined service area. (Mathematically, the subtotal of the primary and secondary service area estimates equals 90% of the overall total.) These "All Other Zips" estimates are correlated to physician practice patterns within the Saint Thomas Health Surgery Center Network and actual 2011 patient origin data rather than physician office location.

- To project surgical procedures, patient projections were multiplied by a factor of 2.5 based on actual experience for the surgeons involved.

Results are presented in EXHIBIT 6, below.

EXHIBIT 6
Franklin Endoscopy Center
Projected Surgery Patients/Procedures Only
2013-2015

Zip Codes	2011 STHe Patients	Physician Redirection Estimate	2013 FEC Pats	2014 FEC Pats	2015 FEC Pats	2013 FEC Proc	2014 FEC Proc	2015 FEC Proc
Primary 3	1,596	45/50/55%	747	847	950	1,868	2,118	2,375
Secondary 3	1,972	25/30/35%	513	628	747	1,282	1,570	1,868
All Other Zips	N/A		139	162	187	347	405	467
Total	3,568		1,399	1,637	1,884	3,498	4,093	4,710

Part II – Endoscopy

- Endoscopy patient volume is expected to change little, as the two existing gastroenterologists have mature practices. 2,527 patients were served in 2011. The Projected Data Chart was originally based on a July 2013 start date. Although the start date has been delayed seven months to February 2014, the original and more conservative volumes are still considered to be valid. Year 1 is based on an average of 2013 and 2014 projections. 2,476 patients are projected in Year 1 (based on scheduling, and within 2% of the 2011 number) and 2,526 in Year 2. Procedures per patient average 1.25.

Part III – Surgery and Endoscopy

Quarterly projections are presented in EXHIBIT 7, below. The Projected Data Chart was originally based on a July 2013 start date. Although the start date has been delayed seven months to February 2014, the original and more conservative volumes are still considered to be valid. Year 1 is based on an average of 2013 and 2014 projections. Due to existing patients to be redirected to Franklin Endoscopy Center, a minimal ramp-up period is projected.

EXHIBIT 7
Franklin Endoscopy Center
Projected Surgery and Endoscopy Patients/Procedures
First Two Years, By Quarter

Projection	Year	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Patients	1	3,996	830	1,020	1,073	1,073
Patients	2	4,293	1,073	1,073	1,073	1,073
Procedures	1	6,896	1,317	1,792	1,894	1,894
Procedures	2	7,578	1,894	1,894	1,895	1,895

Physician specialty mix is presented in EXHIBIT 8, below. "Doctors" represent the expected active staff. Twenty of the 22 doctors are considered to be practicing already within the Saint Thomas Surgery Center Network. The remaining 2 of the 22 are not being "recruited" from outside the network as much as they have expressed interest in becoming part of the network upon approval of the expanded Franklin Endoscopy Center. Again, an expansion of just two ORs has limited capacity.

EXHIBIT 8
Specialty Mix
Cases and Procedures, Year 1

Specialty	Doctors	Patients	%	Procedures	%
Anesthesiology	1	6	0.1%	14	0.2%
ENT	12	546	13.7%	1,366	19.8%
GI	2	2,476	62.0%	3,095	44.9%
Neurosurgery	1	25	0.6%	62	0.9%
Orthopedics	5	498	12.5%	1,245	18.1%
Pain Management	1	446	11.2%	1,115	16.2%
Total	22	3,996	100.0%	6,896	100.0%

Source: USPI internal data

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: The criterion cited is as follows.

A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The projected patient origin for the relocated and expanded Franklin Endoscopy Center is presented in the exhibit below, which appeared as EXHIBIT 2 in the application above.

EXHIBIT 2
Franklin Endoscopy Center
Projected Patient Origin Data
Surgery Patients Only
2013-2015

Zip Codes	Service Area	County	2013	2014	2015	2015%	Cum%
37027, 37067, 37069	Primary	Williamson	747	847	950	50%	50%
37215, 37220, 37221	Secondary	Davidson	513	628	747	40%	90%
All Other Zips			139	162	187	10%	100%
Total			1,399	1,637	1,884	100%	100%

These patient origin projections are based on historical data from the Saint Thomas Health Surgery Center Network. Actual patients served in 2011 were increased 2% per year for population growth through 2015, and are consistent with the demographic analyses presented.

Annual estimates for the relocated and expanded Franklin Endoscopy Center, by primary and secondary service area, are then provided for 2013, 2014 and 2015. The three redirection estimates (one set for PSA and another set for SSA) correspond to one for each of the three projection years (2013, 2014 and 2015)³.

Based upon these historical data and projection assumptions, the primary service area zip codes will account for 50% of the total surgery patients served in 2015. The secondary service area zip codes will account for 40% of the total surgery patients served in 2015. Another 10% of surgery patients served in 2015 are expected to reside outside these six zip codes.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: Acknowledged.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

RESPONSE: The relocation of the Franklin Endoscopy Center has become necessary due to mechanical issues at the current site. Initially, the applicant pursued a project involving the expansion of the facility at its current space. This expansion involved the addition of two multispecialty outpatient surgery operating rooms and related support space, needed to alleviate volume growth at the facility (this need is detailed later in this application). As expected, architectural and engineering analyses determined that the existing HVAC system was inadequate for the expansion. Unfortunately, it was later discovered that HVAC upgrades could only be accomplished by expanding on the roof. This, however, would have required additional support columns in the facility, thus making the project no longer economically feasible.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: The proposal to relocate the facility and add two operating rooms at Franklin Endoscopy Center is designed to, among other goals, increase patient

³ A higher percentage of patients are expected to be redirected from the primary zip codes closer to the expanded Franklin Endoscopy Center (45% in 2013, 50% in 2014 and 55% in 2015), while a lower percentage of patients are expected to be redirected from the secondary zip codes farther from the expanded Franklin Endoscopy Center (25% in 2013, 30% in 2014 and 35% in 2015).

accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. Last year, in 2011, these three ASTCs alone served 23,569 patients. Of this total, 15.1%, or 3,568 patients, resided in the six zip codes surrounding Franklin Endoscopy Center. At the historical average of 2.5 procedures per patient, this equates to approximately 8,920 procedures. Acceptable capacity equals 1,600 procedures (800 procedures per operating room). Therefore, Franklin Endoscopy Center already has access to more than 11 times the number of procedures to support the proposed operating room expansion. Approval of this project will allow existing Saint Thomas surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality services closer to their home.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: Not applicable. Please see the question above which refers to facility relocations for the discussion of demand.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: Not applicable. The applicant is proposing the relocation of the facility, discussed above.

5 PRINCIPLES FOR ACHIEVING BETTER HEALTH

Each of the 5 Principles for Achieving Better Health is addressed below.

Principle 1: Healthy Lives - *"The purpose of the State Health Plan is to improve the health of Tennesseans."*

RESPONSE: Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Surgical services proposed by Franklin Endoscopy Center will help in the treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

Principle 2: Access to Care - *"Every citizen should have reasonable access to health care."*

RESPONSE: Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, "getting access to sites of care where patients can receive needed services." The proposed relocation and two operating room expansion at Franklin Endoscopy Center is designed to, among other goals, increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. Last year, in 2011, these three ASTCs alone served 23,569 patients.

Of this total, 15.1%, or 3,568 patients, resided in the six zip codes surrounding Franklin Endoscopy Center. According to Google Maps, these three ASTCs are 17.5 - 18.3 miles from the current Franklin Endoscopy Center location, or a 24 - 26 minute drive by automobile. The proposed location is of similar distance from the 3 facilities, between 15.8 - 22.3 miles, or a 19 - 26 minute drive by automobile. This project will allow existing Saint Thomas surgery patients who currently reside in the Cool Springs area, and who may already by-pass the Franklin Endoscopy Center site, to receive quality services closer to their home.

Principle 3: Economic Efficiencies - *"The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's health care system."*

RESPONSE: Recognizing the benefits of outpatient surgery centers such as the Franklin Endoscopy Center ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Franklin Endoscopy Center play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. Saint Thomas Health does not have an outpatient surgery center presence in or near the Williamson County population. Furthermore, on July 1, 2012, Williamson Surgery Center reverted from a freestanding ASC to a hospital-based outpatient department under Williamson Medical Center. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs were reimbursed 44% less than hospital-based facilities in 2011. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Principle 4: Quality of Care - *"Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers."*

RESPONSE: As an existing licensed and accredited provider of quality patient services, without regard to patient gender, ethnicity, geographic location or socioeconomic status, Saint Thomas Health and Franklin Endoscopy Center are equitable healthcare providers. This same level of commitment will continue with the proposed operating room expansion.

Principle 5: Health Care Workforce - *"The state should support the development, recruitment, and retention of a sufficient and quality health care workforce."*

RESPONSE: While "the state" appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, Franklin Endoscopy Center is an existing healthcare facility with a history of successful staff recruitment and retention.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE: As a joint venture with Saint Thomas Health, Franklin Endoscopy Center's long-range plan is to assure the availability in Middle Tennessee of high quality, cost-effective and accessible outpatient services. A network of such facilities operated and managed in a coordinated fashion, especially when part of the ACO described above, will result in the optimum use of resources and will be a key component in future models of health care that contemplate broad provider integration.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE: For reasons set forth in the ASTC rules above, Franklin Endoscopy Center's service area for this project is comprised of six zip codes in Williamson and Davidson Counties. Please see **Attachment C, Need – 1 (Tab 10)** for a map of the service area including the locations of the three Davidson County ASTCs noted above.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE: Franklin Endoscopy Center's primary service area is comprised of three zip codes in Williamson County. The secondary service area is three zip codes in Davidson County.

Between 2012 and 2017, the population of the service area is projected to increase by 5.3%, or by 43,478 residents. This represents an annual growth rate of 1.0% and is greater than the projected growth rate of the state as a whole within that same five-year period, which is 0.8% annually or 4.1% total growth. Please see **EXHIBIT 9**, which illustrates the projected changes in population of the service area between 2012 and 2017 and denotes population growth within the Nashville MSA, the state of Tennessee, and the United States.

**EXHIBIT 9
TOTAL POPULATION PROJECTIONS**

	Total Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	633,468	652,621	19,153	0.6%	3.0%
Williamson	192,059	216,384	24,325	2.4%	12.7%
Total SA	825,527	869,005	43,478	1.0%	5.3%
Nashville MSA	1,630,017	1,740,668	110,651	1.3%	6.8%
Tennessee	6,439,884	6,701,303	261,419	0.8%	4.1%
United States	313,095,504	325,256,835	12,161,331	0.8%	3.9%

SOURCE: CLARITAS, INC.

The anticipated growth in the 65 and older population within the service area is much greater, nearly four times that of the total growth. Between 2012 and 2017, the elderly population is expected to increase 20.3%, or by 17,457 residents. For Tennessee, the total five-year growth within this age cohort is projected to be 17.7%, for the United States, 15.5%. Because the elderly are among the highest users of healthcare services, such an explosive growth rate foretells the need for Franklin Endoscopy Center to anticipate increasing demand for services as result of this growth as well as that of the general population. Please see **EXHIBIT 10**.

EXHIBIT 10
65 AND OLDER POPULATION PROJECTIONS

Service Area Counties	65+ Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Davidson	68,157	78,170	10,013	2.8%	14.7%
Williamson	17,767	25,211	7,444	7.2%	41.9%
Total SA	85,924	103,381	17,457	3.8%	20.3%
Nashville MSA	173,149	213,721	40,572	4.3%	23.4%
Tennessee	857,638	1,009,537	151,899	3.3%	17.7%
United States	40,250,504	46,509,142	6,258,638	2.9%	15.5%

SOURCE: CLARITAS, INC.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Franklin Endoscopy Center provides services without regard to gender, race, socio-economic status, or ability to pay, and participates in the Medicare and TennCare programs.

In 2012, the 65 and older population accounted for 10.4% of the total population in the service area. As a major demographic subgroup of Franklin Endoscopy Center's patient base, the elderly will continue to expect of Franklin Endoscopy Center the same level of service while becoming an increasingly larger segment of the total service area population, with 2017 projections placing the 65 and older population at 11.9% of the total service area population.

The female population will represent 51.2% of the total population in the service area by 2017. As shown in **EXHIBIT 11**, the female population is expected to grow at the same annual rate as both sexes in service area, 1.0% per year.

**EXHIBIT 11
FEMALE POPULATION PROJECTIONS**

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	Female Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	326,087	334,974	8,887	0.5%	2.7%
Williamson	97,118	109,660	12,542	2.5%	12.9%
Total SA	423,205	444,634	21,429	1.0%	5.1%
Nashville MSA	828,693	884,506	55,813	1.3%	6.7%
Tennessee	3,296,790	3,427,355	130,565	0.8%	4.0%
United States	158,646,013	164,745,744	6,099,731	0.8%	3.8%

SOURCE: CLARITAS, INC.

EXHIBITS 12-14 illustrate the racial composition of the Franklin Endoscopy Center service area. By 2017, the white population will comprise 65.5% of the total population of the service area, while the black population will account for 22.6% and other races, 11.9%.

**EXHIBIT 12
WHITE POPULATION PROJECTIONS**

	White Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	383,341	378,527	-4,814	-0.3%	-1.3%
Williamson	170,925	190,314	19,389	2.2%	11.3%
Total SA	554,266	568,841	14,575	0.5%	2.6%
Nashville MSA	1,242,966	1,298,512	55,546	0.9%	4.5%
Tennessee	4,966,695	5,088,584	121,889	0.5%	2.5%
United States	224,843,151	228,280,133	3,436,982	0.3%	1.5%

SOURCE: CLARITAS, INC.

**EXHIBIT 13
BLACK POPULATION PROJECTIONS**

	Black Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	177,524	188,235	10,711	1.2%	6.0%
Williamson	8,049	8,222	173	0.4%	2.1%
Total SA	185,573	196,457	10,884	1.1%	5.9%
Nashville MSA	249,783	271,178	21,395	1.7%	8.6%
Tennessee	1,076,391	1,130,010	53,619	1.0%	5.0%
United States	39,674,408	41,778,603	2,104,195	1.0%	5.3%

SOURCE: CLARITAS, INC.

The approximate total number of beneficiaries of the MissionPoint ACO is 13,000. This number fluctuates daily due to terminations and additions of employees.

See the table below for the number of STHS covered employees (MissionPoint members) in the 6 zip code service area. However, this data does not include the employees' covered dependents. This is due to the fact that the program is still early in its development, and full data reporting has not been automated. Therefore, the number of dependents in the 6 zip code service area has been estimated using the system-wide average of 2.2 dependents per covered employee (6,000 employees x 2.2 dependents = 13,200 covered lives).

EXHIBIT 16
MISSIONPOINT ACO MEMBERS
BY ZIP CODE

Zip	Actual	Estimated	
	STHS Covered Employees	Dependents	Total Covered Lives
37027	145	319	464
37067	75	165	240
37069	65	143	208
37215	89	196	285
37220	21	46	67
37221	290	638	928
Subtotal	685	1,507	2,192

This estimate results in 2,192 total MissionPoint ACO beneficiaries in the 6 zip code service area. Additionally, due to the early stages of the ACO's development, no member projections are currently available.

Using the same estimating methods discussed above, there are 2,358 MissionPoint ACO beneficiaries in Williamson County, and 10,691 beneficiaries in the two county area. Please see the table below.

EXHIBIT 17
MISSIONPOINT ACO MEMBERS
BY COUNTY

County	Actual	Estimated	
	STHS Covered Employees	Dependents	Total Covered Lives
Williamson	737	1,621	2,358
Davidson	2,604	5,729	8,333
Subtotal	3,341	7,350	10,691

As mentioned above, due to the early stages of the ACO's development, no member projections are currently available.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

EXHIBIT 14
"OTHER" POPULATION PROJECTIONS

	"Other" Population				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	72,603	85,859	13,256	3.4%	18.3%
Williamson	13,085	17,848	4,763	6.4%	36.4%
Total SA	85,688	103,707	18,019	3.9%	21.0%
Nashville MSA	137,268	170,978	33,710	4.5%	24.6%
Tennessee	396,798	482,709	85,911	4.0%	21.7%
United States	48,577,945	55,198,099	6,620,154	2.6%	13.6%

SOURCE: CLARITAS, INC.

The service area counties as a whole have a Median Household Income higher than that of the state of Tennessee, the Nashville MSA and the United States as a whole. The annual growth in median household income in the service area is comparable to that of the MSA, state, and U.S. overall—0.4% versus 0.5%, 0.4%, and 0.5% respectively. Please see **EXHIBIT 15**.

EXHIBIT 15
SERVICE AREA MEDIAN HOUSEHOLD INCOME

	Median Household Income				
	2012	2017	Abs Chg	Ann % Chg	Total % Chg
Service Area Counties					
Davidson	\$45,357	\$46,071	\$714	0.3%	1.6%
Williamson	\$83,371	\$85,574	\$2,203	0.5%	2.6%
Total SA	\$64,364	\$65,823	\$1,459	0.4%	2.3%
Nashville MSA	\$50,243	\$51,627	\$1,384	0.5%	2.8%
Tennessee	\$41,997	\$42,833	\$836	0.4%	2.0%
United States	\$49,581	\$50,850	\$1,269	0.5%	2.6%

SOURCE: CLARITAS, INC.

In terms of the TennCare population, 15.5% of the service area population is enrolled compared to 18.7% for the state overall. Please see **Attachment C, Need – 4 (Tab 13)**.

Please see **Attachment C, Need – 4 (Tab 13)** for demographic data presented on a zip level basis.

MissionPoint ACO Beneficiaries

As of the first of the year, MissionPoint had active contracts with 310 primary care physicians in the Middle Tennessee area. These network providers include internal medicine, family practice and pediatric physicians. The network also includes over 700 specialists representing nearly 40 specialties.

RESPONSE: Based on the standard of 800 procedures per procedure room, Franklin Endoscopy Center operated at 201% capacity in 2009, 211% capacity in 2010 and 197% capacity in 2011. Clearly, Franklin Endoscopy Center has demonstrated its ability to operate well above State standards for endoscopic procedures alone.

Similarly, for the same period of time, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare averaged 288% - 329% capacity including procedure rooms and 329% - 376% capacity excluding procedure rooms. Redirecting existing outpatient surgery patients from these three ASTCs to Franklin Endoscopy Center will have the desired effect of decompressing patient volume in Nashville without adversely impacting on-going operational efficiencies.

These capacity trend data are reported in **Attachment C, Need – 1 (Tab 11)**. Saint Thomas Surgery Center Network facilities have a history of performing more than 800 operations and/or procedures per year per operating room and/or procedure room and should be expected to do so in the future. ASTC JAR summaries for Williamson and Davidson County facilities also are reported in **Attachment C, Need – 1 (Tab 11)**.

The attachments referenced above demonstrate several things regarding currently operating ASTC providers in Williamson and Davidson Counties:

First, utilization as measured by admissions/discharges actually increased over the past three years, from 123,574⁴ in 2009 to 126,555, or by +2.4%.

Second, available capacity as measured by operating rooms and procedure rooms actually decreased over the past three years, from 110,400⁵ patients/procedures to 107,200 patients/procedures, or by -2.9%.

Third, considering every one of the 34 - 35 ASTCs in Williamson and Davidson Counties from 2009 to 2011, aggregate utilization always exceeded 100% capacity whether including or excluding procedure rooms, whether comparing patients or procedures.

Fourth, the few ASTCs not performing at the minimum 800 cases/room/year standard are not a viable alternative to the expanded Franklin Endoscopy Center.

- The Center for Assisted Reproductive Technology – a service not provided by FEC
- DeLozier Surgery Center – plastic surgery only, a service not provided by FEC
- Gurley Surgery Center – gynecology only, a service not provided by FEC
- Nashville Vision Correction – laser vision only, a service not provided by FEC
- NFC Surgery Center – infertility only, a service not provided by FEC
- Wesley Ophthalmic Plastic Surgery Center – services not provided by FEC
- American Endoscopy Center – FEC is not proposing to expand existing endo svcs
- Crossroads Surgery Center – pain management only, began reporting in 2010, 195% of capacity in 2011 based on reported admission/discharges

In conclusion, area providers are very highly utilized regardless of the approach used to measure capacity. The expanded Franklin Endoscopy Center will contribute to the orderly development of health care.

⁴ For comparison purposes, the 3,398 admissions/discharges reported at The Bone and Joint Surgery Center must be excluded from the trend analysis since 2009 was the last year it reported data as an ASTC.

⁵ For comparison purposes, the 3 operating rooms (2,400 patients/procedures) reported at The Bone and Joint Surgery Center must be excluded from the trend analysis since 2009 was the last year it reported data as an ASTC.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Historical and projected utilization data are summarized in **EXHIBIT 18**, below. Assumptions are provided in the ASTC rule section, above.

EXHIBIT 18
FRANKLIN ENDOSCOPY CENTER
HISTORICAL ENDOSCOPY PROCEDURES / PROJECTED SURGERY PROCEDURES, 2009-2015

	Historical - Endoscopy Only			Projected – Endoscopy Plus Surgery as of Feb 2014		
	2009	2010	2011	2012	2014	2015
Procedures	3,220	3,381	3,154	3,096	7,251	7,868
Rooms	2	2	2	2	4	4
Proc/Room	1,610	1,691	1,577	1,548	1,813	1,967
Capacity Std	800	800	800	800	800	800
Pct of Capacity	201%	211%	197%	194%	227%	246%

Projected patients and procedures by specialty are provided for the first three years of operations in the three tables below. For the most part, gastroenterology patients and procedures will utilize Class B ORs while the other specialty patients and procedures will utilize the Class C ORs.

EXHIBIT 19
SPECIALTY MIX
PATIENTS AND PROCEDURES, YEAR 1

Specialty	Patients	%	Procedures	%
Anesthesiology	6	0.1%	14	0.2%
ENT	546	13.7%	1,366	19.8%
GI	2,476	62.0%	3,095	44.9%
Neurosurgery	25	0.6%	62	0.9%
Orthopedics	498	12.5%	1,245	18.1%
Pain Management	446	11.2%	1,115	16.2%
Total	3,996	100.0%	6,896	100.0%

Source: USPI internal data

EXHIBIT 20
SPECIALTY MIX
PATIENTS AND PROCEDURES, YEAR 2

Specialty	Patients	%	Procedures	%
Anesthesiology	6	0.2%	15	0.2%
ENT	635	15.9%	1,588	23.0%
GI	2,526	63.2%	3,158	45.8%
Neurosurgery	29	0.7%	73	1.1%
Orthopedics	579	14.5%	1,448	21.0%
Pain Management	518	13.0%	1,295	18.8%
Total	4,293	107.4%	7,575	109.8%

Source: USPI internal data

EXHIBIT 21
SPECIALTY MIX
PATIENTS AND PROCEDURES, YEAR 3

Specialty	Patients	%	Procedures	%
Anesthesiology	7	0.2%	18	0.3%
ENT	651	16.3%	1,628	23.6%
GI	2,576	64.5%	3,220	46.7%
Neurosurgery	29	0.7%	73	1.1%
Orthopedics	594	14.9%	1,485	21.5%
Pain Management	531	13.3%	1,328	19.2%
Total	4,388	109.8%	7,750	112.4%

Source: USPI internal data

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. NOTE: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

RESPONSE: The space lease for the surgery center relocation is valued over the 10-year initial term including base rent and common area allocations, inflated 3 percent per year.

The only equipment to be purchased with a value over \$50,000 is a refurbished C-Arm unit for approximately \$100,000. No maintenance agreements are anticipated.

Please see **Attachment C, Need – 1 (Tab 14)** for documentation supporting the construction costs.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	2012 SEP 14 PM 12:37 \$ 140,454
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 125,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Construction Costs	\$ 1,652,400
6.	Contingency Fund	\$ 50,334
7.	Fixed Equipment (Not included in Construction Contract)	\$ 485,000
8.	Moveable Equipment (List all equipment over \$50,000)	\$ 1,115,330
9.	Other (Pre-opening salaries, space lease, set-up) incl 3 mo rent, minor equipt, initial inv, implants	\$ 165,879

B. Acquisition by gift, donation, or lease (10 Years):

1.	Facility (inclusive of building and land)	\$ 3,645,710
2.	Building only	
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	

C. Financing Costs and Fees:

1.	Interim Financing	\$ 23,340
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	

D. Estimated Project Cost
(A+B+C) \$ 7,403,447

E. CON Filing Fee \$ 16,658

F. Total Estimated Project Cost
(D+E) \$ 7,420,105

TOTAL \$ 7,420,105

2. Identify the funding sources for this project.
Please check the applicable item(s) below and briefly summarize how the project will be financed.
(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)
- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
 - ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
 - ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
 - ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
 - ☒ E. Cash Reserves (Tab 15, USPI has funds available to fund the project)
 - ☐ F. Other—Identify and document funding from all other sources.
3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: EXHIBIT 22, below, lists the construction cost ranges for hospitals that submitted CON applications between 2008 and 2010 that were approved.

As a tenant in a newly constructed building, the applicant is not responsible for the costs associated with constructing the building shell. Therefore, historical cost per square foot data pertaining to new construction is not comparable to this project's construction costs. Comparing historical renovation costs to this project's build out costs is more appropriate, as the applicant is only responsible for the build out costs of the shell space. The build out costs proposed by Franklin Endoscopy Center are projected at \$162 per square foot and compare favorably to the \$167.99 experienced for renovation projects between 2008 and 2010.

EXHIBIT 22
COST PER SQUARE FOOT COMPARISON

	Cost per sq/ft		Total
	Renovation	New Construction	
1st Quartile	\$117.52	\$225.00	\$159.92
Median	\$167.99	\$255.22	\$234.22
3rd Quartile	\$297.26	\$307.80	\$299.40

Source: Tennessee Health Services Development Agency

Furthermore, the construction costs approved for Maury Regional Ambulatory Surgical Center, LLC CN1111-046A were \$224, 38% greater than the costs proposed by Franklin Endoscopy Center. Therefore, the Franklin Endoscopy Center cost per square foot projections are reasonable compared

to other projects approved by the Health Services and Development Agency.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: Please refer to the completed charts on the following pages. Data are provided for endoscopy services only.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE: Average gross patient charge per procedure, as reported in the Historical Data Chart for 2011, was \$3,789. The average deduction from gross patient charges was \$3,069, resulting in an average net charge per procedure of \$720. This represents endoscopic procedures only.

Average gross patient charge per procedure, as reported in the Projected Data Chart and based on Year 2 projections, is \$3,143. The average deduction from gross patient charges was \$2,420, resulting in an average net charge per procedure of service of \$723. This represents a mix of endoscopic and surgical procedures.

Despite the addition of surgical services, the projected net charge per procedure are virtually unchanged (0.4%) from 2011.

HISTORICAL DATA CHART

2012 SEP 14 PM 12: 37

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January.

	Year 2009	Year 2010	Year 2011
A. Utilization Data (Endoscopy Procedures)	<u>3,220</u>	<u>3,381</u>	<u>3,154</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u></u>	<u></u>	<u></u>
2. Outpatient Services	<u>\$9,933,690</u>	<u>\$12,563,951</u>	<u>\$11,952,002</u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u></u>	<u></u>	<u></u>
Gross Operating Revenue	<u>\$9,933,690</u>	<u>\$12,563,951</u>	<u>\$11,952,002</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$8,399,784</u>	<u>\$10,016,438</u>	<u>\$9,655,770</u>
2. Provision for Charity Care	<u></u>	<u>13,945</u>	<u>7,575</u>
3. Provisions for Bad Debt	<u>34,364</u>	<u>32,323</u>	<u>17,036</u>
Total Deductions	<u>\$8,434,148</u>	<u>\$10,062,706</u>	<u>\$9,680,381</u>
NET OPERATING REVENUE	<u>\$1,499,542</u>	<u>\$2,501,245</u>	<u>\$2,271,621</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$464,232</u>	<u>\$533,430</u>	<u>\$531,528</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>	<u></u>
3. Supplies	<u>95,097</u>	<u>126,468</u>	<u>145,000</u>
4. Taxes	<u></u>	<u></u>	<u></u>
5. Depreciation	<u>79,003</u>	<u>72,948</u>	<u>49,270</u>
6. Rent	<u>49,380</u>	<u>50,619</u>	<u>80,526</u>

7.	Interest, other than Capital			
8.	Management Fees:			
a.	Fees to Affiliates	109,525	145,657	167,000
b.	Fees to Non-Affiliates			
9.	Other Expenses (Specify)			
	Anesthesia Expense	123,345	208,938	231,000
	Purchased Services	117,395	161,904	179,000
	Utilities and Maintenance	20,331	28,039	31,000
	Other Miscellaneous	18,950	89,582	152,946
	Total Operating Expenses	\$1,077,259	\$1,417,586	\$1,567,270
E.	Other Revenue (Expenses) - Net (Specify)	(\$53,765)	(\$49,614)	(\$56,249)
	NET OPERATING INCOME (LOSS)	\$368,518	\$1,034,045	\$648,102
F.	Capital Expenditures			
1.	Retirement of Principal	\$87,048	\$65,393	\$43,680
2.	Interest	13,667	10,267	6,858
	Total Capital Expenditures	\$100,715	\$75,660	\$50,538
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	\$267,803	\$958,385	\$597,564

Note: USPI assumed non-physician ownership (membership) in Franklin Endoscopy Center, LLC on November 1, 2010. ASTC JARs were used as the primary data sources here. Expense categories not reported on the JAR are allocated in 2009 and 2010 based on USPI experience in 2011.

PROJECTED DATA CHART

Give us information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	2/2014 - 1/2015	2/2015 - 1/2016
A. Utilization Data (Surgical & Endo Procedures)	<u>6,895</u>	<u>7,578</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u></u>	<u></u>
2. Outpatient Services	<u>\$21,690,305</u>	<u>\$23,815,654</u>
3. Emergency Services	<u></u>	<u></u>
4. Other Operating Revenue (Specify)	<u></u>	<u></u>
Gross Operating Revenue	<u>\$21,690,305</u>	<u>\$23,815,654</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$16,482,847</u>	<u>\$18,085,522</u>
2. Provision for Charity Care	<u>108,452</u>	<u>119,078</u>
3. Provisions for Bad Debt	<u>120,721</u>	<u>135,458</u>
Total Deductions	<u>\$16,712,019</u>	<u>\$18,340,058</u>
NET OPERATING REVENUE	<u>\$4,978,285</u>	<u>\$5,475,596</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$1,597,882</u>	<u>\$1,736,752</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>
3. Supplies	<u>734,840</u>	<u>851,473</u>
4. Taxes	<u>95,719</u>	<u>95,719</u>
5. Depreciation	<u>525,593</u>	<u>535,593</u>
6. Rent	<u>365,120</u>	<u>376,074</u>

7.	Interest, other than Capital		
.8	Management Fees:		
	a. Fees to Affiliates	284,698	383,292
	b. Fees to Non-Affiliates		
8.	Other Expenses (Specify)		
	Anesthesia Expense	230,907	231,000
	Purchased Services	125,000	128,750
	Utilities and Maintenance	159,500	172,263
	Other Miscellaneous	60,490	64,322
	Total Operating Expenses	\$4,179,747	\$4,575,237
E.	Other Revenue (Expenses) -- Net (Specify)		
	NET OPERATING INCOME (LOSS)	\$798,538	\$900,358
F.	Capital Expenditures		
1.	Retirement of Principal	\$341,800	\$360,395
2.	Interest	131,603	112,307
	Total Capital Expenditures	\$473,403	\$472,702
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$325,135	\$427,656

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE: As addressed in Question 5, above, the projected net charge per procedure are virtually unchanged (0.4%) from 2011 despite the addition of surgical services.

The average gross charge per procedure was \$3,789 in 2011. The average gross charge per procedure is projected to be \$3,146 in Year 1 and \$3,143 in Year 2.

The average net charge per procedure was \$720 in 2011. The average net charge per procedure is projected to be \$722 in Year 1 and \$723 in Year 2.

As documented in the **EXHIBIT 23**, below, these charges are competitive with other ASTCs in Williamson and Davidson Counties.

EXHIBIT 23
Area Facilities
Charge per Procedure, 2011

Facility	Charge per Procedure	
	Gross	Net
Franklin Endoscopy Center	\$3,789	\$728
Williamson Surgery Center	\$2,757	\$666
Cool Springs Surgery Center	\$4,884	\$1,216
Saint Thomas Campus Surgicare	\$2,066	\$465
Baptist Ambulatory Surgery Center	\$3,886	\$975
Baptist Plaza Surgicare	\$3,944	\$979

Source: TN Joint Annual Reports

Representative charges for surgery services at the facility are presented in EXHIBIT 24.

EXHIBIT 24
FRANKLIN ENDOSCOPY CENTER
CHARGE COMPARISON FOR TYPICAL SURGERY PROCEDURES

	<u>CPT</u>	<u>CPT Description</u>	<u>Hospital Medicare Allowable</u>	<u>ASC Medicare Allowable</u>	<u>ASC Var</u>
ORTHO					
	29881	Knee arthroscopy/surgery	\$2,075	\$1,198	-42%
	29880	Knee arthroscopy/surgery	\$2,075	\$1,198	-42%
	29875	Knee arthroscopy/surgery	\$2,075	\$1,198	-42%
	29806	Shoulder arthroscopy/surgery	\$3,988	\$2,303	-42%
	24359	Repair elbow deb/attch open	\$2,267	\$1,309	-42%
	29848	Wrist endoscopy/surgery	\$2,075	\$1,198	-42%
	23120	Partial removal collar bone	\$2,267	\$1,309	-42%
	29888	Knee arthroscopy/surgery	\$6,207	\$3,585	-42%
	29827	Arthroscop rotator cuff repr	\$3,988	\$2,303	-42%
ENT					
	69436	Create eardrum opening	\$1,181	\$682	-42%
	42820	Remove tonsils and adenoids	\$1,743	\$1,006	-42%
	42830	Removal of adenoids	\$1,743	\$1,006	-42%
	42826	Removal of tonsils	\$1,743	\$1,006	-42%
	69631	Repair eardrum structures	\$3,162	\$1,826	-42%
GASTRO					
	43239	Upper gi endoscopy biopsy	\$591	\$330	-44%
	45378	Diagnostic colonoscopy	\$655	\$366	-44%
	45380	Colonoscopy and biopsy	\$655	\$366	-44%
	45385	Lesion removal colonoscopy	\$655	\$366	-44%
	G0121	Colon ca scrn not hi rsk ind	\$581	\$325	-44%
SPINE					
	63030	Low back disk surgery	\$3,560	N/A	
	22554	Neck spine fusion	\$3,560	N/A	
	63075	Neck spine disk surgery	\$3,560	N/A	
	64721	Carpal tunnel surgery	\$1,321	\$738	-44%
	22551	Neck spine fuse & remove addl	\$3,560	N/A	
PAIN MGT					
	62311	Inject spine l/s (cd)	\$523	\$292	-44%
	64483	Inj foramen epidural l/s	\$523	\$292	-44%
	64493	Inj paravert f jnt l/s 1 lev	\$523	\$292	-44%
	62310	Inject spine c/t	\$523	\$292	-44%

Approval of surgery services at Franklin Endoscopy Center will not impact existing endoscopy charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: Information is provided in **EXHIBIT 24**, above. As an ASTC reimbursed as a freestanding ASC, Franklin Endoscopy Center offers a clear cost advantage compared to hospital-based ASCs like Williamson Surgery Center. This extends to patient co-payments and deductibles.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE: Franklin Endoscopy Center's proposed relocation and surgery expansion is financially feasible and represents a cost-effective alternative to hospital-based outpatient services. As indicated in the Projected Data Chart, projected utilization will be sufficient to allow Franklin Endoscopy Center to operate efficiently and effectively.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: As indicated in the Projected Data Chart, projected cash flow will ensure financial viability within two years and over the long-term.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE: The facility currently participates in two of the three TennCare MCOs operating in Middle Tennessee and has a history of providing care regardless of payor source. In 2011, Franklin Endoscopy Center provided \$7,575 in care to charity/medically indigent endoscopy patients (accounting for 0.1% of gross patient charges of \$11,952,002). During the first year of operation of the surgery relocation and expansion, the facility's payor mix is anticipated to be 20.1% Medicare, 1.6% TennCare, and 0.6% self pay. This amounts to a projected \$4,359,751 in Medicare gross charges in Year 1 and \$347,045 in TennCare gross charges in Year 1.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE: Please see **Attachment C, Economic Feasibility – 10 (Tab 16)**.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE: Recognizing the benefits of outpatient surgery centers such as the Franklin Endoscopy Center ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area. Please see **Attachment A4, Related Healthcare Institutions (Tab 3)**.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Franklin Endoscopy Center play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. Saint Thomas Health does not have an outpatient surgery center presence in or near the Williamson County population. Furthermore, on July 1, 2012, Williamson Surgery Center reverted from a freestanding ASC to a hospital-based outpatient department under Williamson Medical Center. As documented in the Medicare pricing differential rates in **Attachment C, Need – 1 (Tab 12)**, freestanding ASCs were reimbursed 44% less than hospital-based facilities in 2011. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

Approval of the Franklin Endoscopy Center surgery relocation and expansion will meet a number of provider and public needs in the community.

- Decompress highly utilized ASTCs at Saint Thomas Health,
- Treat existing patients from the six zip code service area closer to home,
- Foster innovation by supporting the unique needs of the MissionPoint ACO, and
- Provide a more cost-effective alternative due to the conversion of Williamson Surgery Center from a lower cost freestanding ASC to a higher cost hospital-based ASC.

After careful evaluation, an expanded Saint Thomas Health ASTC presence in the Cool Springs area was judged to be an attractive alternative to the status quo and a necessary prerequisite for future innovations in healthcare delivery. Initially, the applicant pursued a project involving the expansion of the facility within its current space. However, the relocation of the Franklin Endoscopy Center became necessary due to mechanical issues at the current site. As expected, architectural and engineering analyses determined that the existing HVAC system was inadequate for the expansion. Unfortunately, it was later discovered that HVAC upgrades could only be accomplished by expanding on the roof. This, however, would have required additional support columns in the facility, thus making

the project no longer economically feasible. Relocating the facility became the most cost effective and efficient operational decision.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE: Existing Saint Thomas Health ASTCs are already very highly utilized and are 17.5 – 18.3 miles from the current Franklin Endoscopy Center location. The proposed location is of similar distance from the 3 facilities, between 15.8 – 22.3 miles, or a 19 – 26 minute drive by automobile. The existing two endoscopic procedure rooms at Franklin Endoscopy Center simply cannot be shared with outpatient surgery patients. The physical layout and support space would not meet surgical standards for licensure or accreditation. Relocation to a larger site is the only feasible alternative to expand services at Franklin Endoscopy Center.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE: Franklin Endoscopy Center has many active managed care contracts in place to provide for seamless care of its patients, including:

Commercial Plans

- Aetna
- BCBS – Preferred & Select
- Humana / Choice Care
- First Health / Coventry
- GEHA (PPO USA)
- Multiplan / PHCS
- Principle Edge Network
- Signature Alliance / Bluegrass
- United Healthcare
- USA Managed Care
- Healthspring – HMO

Managed Medicaid Plans

- UHC Community (Formerly AmeriChoice)
- AmeriGroup

Managed Medicare Plans

- BCBS Advantage
- Humana Advantage like Humana Gold
- United Healthcare plans
- Windsor
- Healthspring

Workers Comp

- Aetna WC
- Corvel
- First Health / Coventry
- NovaNet
- Prime Health
- USA Managed Care

Tricare – Humana South Region

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: This project will have a number of positive impacts on the health care system, including the following.

- Decompress highly utilized ASTCs at Saint Thomas Health,

- Treat existing patients from the six zip code service area closer to home,
- Foster innovation by supporting the unique needs of the MissionPoint ACO, and
- Provide a more cost-effective alternative due to the conversion of Williamson Surgery Center from a lower cost freestanding ASC to a higher cost hospital-based ASC.

The negative effects on the health care system are expected to be minimal or nonexistent.

- Existing providers are very highly utilized,
- Saint Thomas Health proposes to serve its existing patients, and
- Projected population growth will continue to support the need for existing providers.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: Due to an anticipated increase in the volume of patients served, this project will require a 15.4 full-time equivalent employee (FTE) increase in professional and support staff. There are 7.6 FTEs already at Franklin Endoscopy Center, including 5.6 FTEs serving in clinical functions. The expanded facility will require 23.0 FTEs, including 15.0 FTEs in clinical functions. Please note that the facility currently makes use of a centralized business office. The expanded staffing plan anticipates that many centralized billing office functions will be brought on-site.

Additional candidates are readily available from within the existing surgery center network or in the marketplace in general. Franklin Endoscopy Center will utilize a number of channels to secure needed staff, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Franklin Endoscopy Center all have a history of successfully recruiting professional and administrative staff because they provide competitive compensation and benefits and are committed to the retention of existing personnel.

EXHIBIT 25, below, illustrates current and proposed staffing levels of the proposed project. Current staffing is approximately 7.6 FTEs and is projected to increase to 23.0 FTEs in the first year of operation, an increase of 15.4 FTEs.

EXHIBIT 25
CURRENT AND PROPOSED STAFFING LEVELS
(FULL TIME EQUIVALENTS)

Position	Current	Proposed	FTE Variance
RN	3.6	9.5	5.9
Surg Tech	2.0	5.5	3.5
Med Assist/Ofc	2.0	8.0	6.0
Total FTEs	7.6	23.0	15.4

EXHIBIT 26, below, profiles comparable positions and salaries for the Nashville-Davidson-Murfreesboro MSA. Franklin Endoscopy Center's salaries and wages (excluding benefits and bonuses) are not only competitive with the market, but often above average. Proposed hourly salaries for key positions are presented below.

EXHIBIT 26
NASHVILLE-DAVIDSON-MURFREESBORO MSA
MAY 2011 HOURLY WAGE RATES

Position	Projected Compensation	Nashville MSA*			
		25th Pctile	Mean	Median	75th Pctile
RN	\$30.00	\$23.64	\$30.99	\$28.88	\$34.77
Surg Tech	\$20 - \$25	\$16.19	\$19.87	\$18.61	\$23.23
Med Asst/Ofc	\$15 - \$22	\$12.42	\$14.73	\$14.25	\$16.98

Source: Tennessee Department of Labor & Workforce Development

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: A number of channels are utilized to increase staffing, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Franklin Endoscopy Center all have a history of successfully recruiting professional and administrative staff. They provide competitive compensation and benefits and are committed to the retention of existing personnel.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

RESPONSE: Franklin Endoscopy Center has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and accredited facility, Franklin Endoscopy Center has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, Franklin Endoscopy Center maintains quality standards that are focused on continual improvement.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: The applicant is not currently involved in any training programs, but is willing to consider this under the auspices of an appropriate educated institution.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE: Franklin Endoscopy Center is licensed by the Tennessee Department of Health. The current license expires January 24, 2013. Franklin Endoscopy Center has reviewed and understands the licensure requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure,

certification, and/or accreditation.

RESPONSE:

Licensure: Board of Licensing Health Care Facilities, State of Tennessee, Department of Health. The current license expires January 24, 2013. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17).**

Accreditation: Franklin Endoscopy Center is accredited by The Joint Commission. Accreditation expires December 17, 2013. Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 18).**

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: Please see **Attachment C, Contribution to the Orderly Development of Health Care – 7.(b) (Tab 17).** The current license is valid until January 24, 2013.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: There are no outstanding deficiencies.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: There have been no final orders or judgments placed against Franklin Endoscopy Center or any entity or person with more than 5% ownership.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

RESPONSE: There have been no civil or criminal judgments against Franklin Endoscopy Center or any entity or person with more than 5% ownership.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

RESPONSE: Yes, Franklin Endoscopy Center will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required. Additionally, Franklin Endoscopy Center submits a Joint Annual Report (JAR) to the Department of Health and will continue to do so.

Saint Thomas Health has outstanding CONs, including:

- A) Saint Thomas Hospital, CN1009-042A. (Integrated Neuroscience Center) The project is approximately 90% complete with a target date of mid-April for completion within budget. The iMRI has been installed and final adjustments and corrections are being made to the renovated operating room and related equipment.
- B) Saint Thomas Hospital, CN1103-010A. (Renovation of Cardiac Surgery Suite and Upgrade to Two Hybrid ORs) Renovation for the first of the two Operating Rooms has been completed and preparation for renovating the second operating room space is underway. Project completion is currently estimated at 60% and on target to be on budget. Project completion is expected in the third quarter of 2012.
- C) NOL, LLC, d/b/a, Premier Radiology, LLC, CN1104-012A. (Establishment of an ODC from an existing radiologic physician's office practice and initiation of MRI services) Project plans were approved by the state architect this week. The contractor is in the process of completing minor renovations.
- D) Seton Corporation d/b/a Baptist Hospital, CN1106-020A. (Renovation of Cardiac and Medical Imaging) Design for the first phase of the project, including the exterior corridor, is complete. Construction is expected to start in May 2012. The design for the remaining internal space is being finalized with construction expected to start in the third quarter of 2012.
- E) Saint Thomas Hospital, CN1110-037A. (Major Renovation and Construction Project) Following approval of the project in January 2012, construction documents have been completed for phase one and should be ready to be submitted for approval in the near future.
- F) Middle Tennessee Imaging, LLC, d/b/a St. Thomas Outpatient Imaging – Baptist, CN1108-031A. (Establishment of an ODC and initiation of MRI services) Drawings are 97% complete. Contractor bids are to be returned next week.
- G) Premier Radiology Edmondson Pike – CN1203-014A. (Relocation and replacement ODC Project) Approved by HSDA June 27, 2012 and beginning development.

PROOF OF PUBLICATION

2012 SEP 14 PM 12: 38

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

RESPONSE: Please see Attachment D – Proof of Publication (Tabs 19-20).

DEVELOPMENT SCHEDULE

Tennessee Code Annotated §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the “good cause” for such an extension.

RESPONSE: Please see the project forecast completion chart below.

Form HF0004
Revised 02/01/06
Previous Forms are obsolete

PROJECT FORECAST COMPLETION CHART

2012 SEP 14 PM 12:38

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c) 11/14/2012

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	3	Jan-13
2. Construction documents approved by the Tennessee Department of Health	33	May-13
3. Construction contract signed	33	May-13
4. Building permit secured	33	May-13
5. Site preparation completed	33	May-13
6. Building construction commenced	63	Jun-13
7. Construction 40% complete	80	Aug-13
8. Construction 80% complete	70	Oct-13
9. Construction 100% complete (approved for occupancy)	30	Dec-13
10. *Issuance of license	60	Jan-14
11. *Initiation of service	60	Feb-14
12. Final Architectural Certification of Payment	90	Mar-14
13. Final Project Report Form (HF0055)	120	Apr-14

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

2012 SEP 14 PM 12:38

AFFIDAVIT

STATE OF Tennessee
COUNTY OF Williamson

M. Corey Ridgway being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*; and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

M. Corey Ridgway Market President
SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of September, 2012 a Notary
(Month) (Year)

Public in and for the County/State of Davidson / Tennessee

Karen Andrasco
NOTARY PUBLIC

My commission expires July 8, 2013
(Month/Day) (Year)



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- Tab 6 - MCO/BHO Participation

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- Tab 14 - Construction Costs Verification Letter
- Tab 15 - Verification of Funding
- Tab 16 - Balance Sheet and Income Statement
- Tab 17 - Facility License
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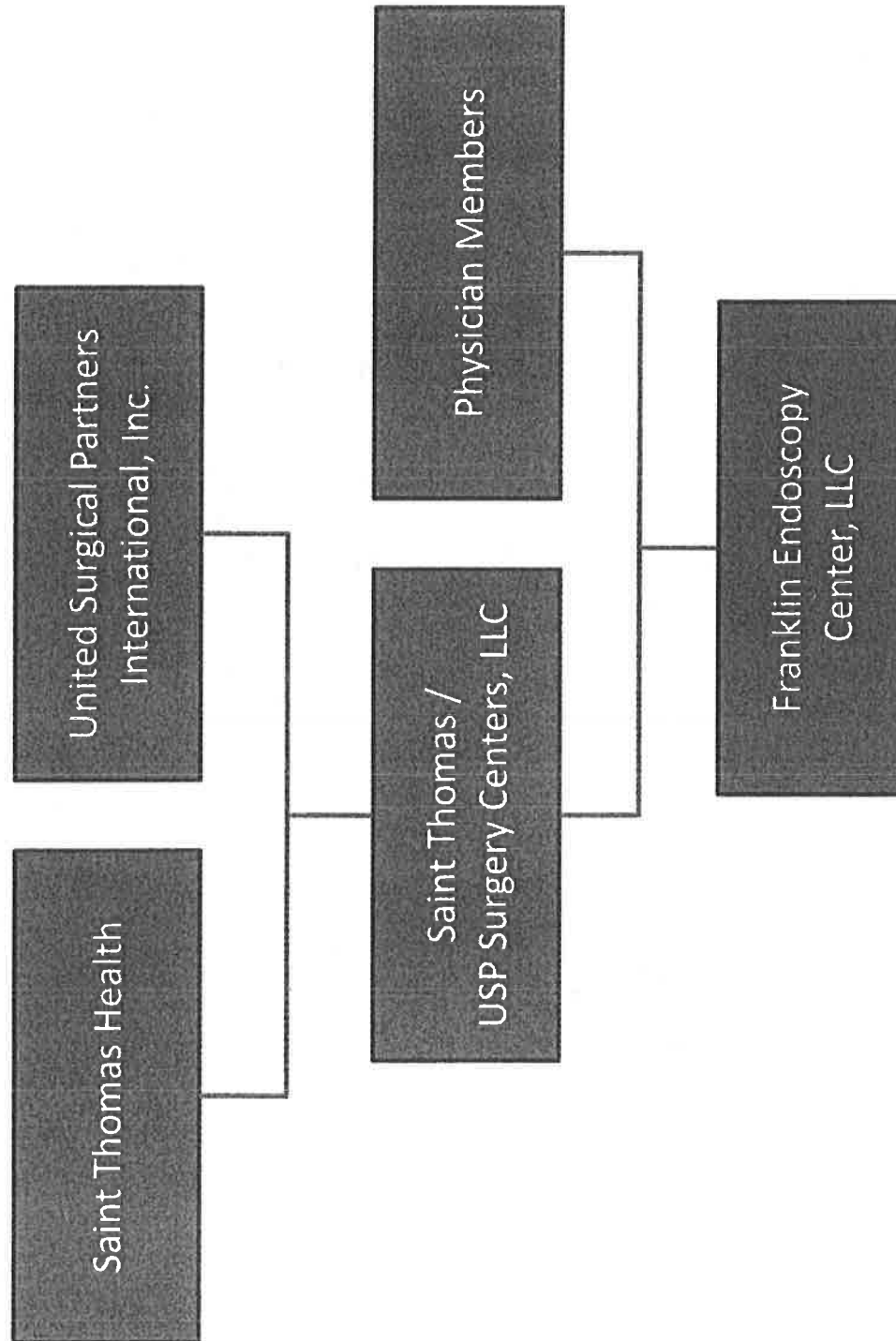
Attachment D

- Tab 19 - Copy of Published Public Notice
- Tab 20 - Letter of Intent

Attachment A, 4

Organizational/Ownership Chart

Organizational Structure



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Attachment A, 4

Related Healthcare Institutions

Saint Thomas Joint Venture Ambulatory Surgery Centers

Name	Address 1	Address 2	City	State	ZIP	County	Sub Type of Facility
1 Tullahoma Surgery Center	725 Kings Lane		Tullahoma	TN	37388	Coffee	Ambulatory Surgery Center
2 Northridge Surgery Center	647 Myatt Drive		Madison	TN	37115	Davidson	Ambulatory Surgery Center
3 Baptist Plaza Surgicare	2011 Church Street		Nashville	TN	37203	Davidson	Ambulatory Surgery Center
4 Baptist Ambulatory Surgery Center	312 21st. Avenue North		Nashville	TN	37203	Davidson	Ambulatory Surgery Center
5 Saint Thomas Surgicare	4230 Harding Pike		Nashville	TN	37205	Davidson	Ambulatory Surgery Center
6 Eye Surgery Center of Nashville, LLC	310 25th Avenue N.	Suite 105	Nashville	TN	37203	Davidson	Ambulatory Surgery Center
7 Nashville Endo Surgery Center	300 20th Avenue North		Nashville	TN	37203	Davidson	Endoscopy Center
8 Middle Tennessee Ambulatory Surgery Center	1800 Medical Center Parkway		Murfreesboro	TN	37129	Rutherford	Ambulatory Surgery Center
9 Mid-State Endoscopy Center, LLC	111 Dow Street	Suite A	Murfreesboro	TN	37130	Rutherford	Endoscopy Center
10 Physicians Pavilion Surgery Center	545 StoneCrest Parkway		Smyrna	TN	37167	Rutherford	Ambulatory Surgery Center
11 Patient Partners, LLC	890 North Blue Jay Way		Gallatin	TN	37066	Sumner	Ambulatory Surgery Center
12 Franklin Endoscopy Center, LLC	740 Cool Springs Blvd.	Suite 210B	Franklin	TN	37067	Williamson	Endoscopy Center
13 Lebanon Endoscopy Center, LLC	100 Physician's Way	Suite 340	Lebanon	TN	37090	Wilson	Endoscopy Center
14 Providence Surgery Center, LLC	5002 Crossings Circle	Suite 110	Mt. Juliet	TN	37122	Wilson	Ambulatory Surgery Center
	use this address to plot						
	2291 Old Murfreesboro Rd						

Attachment A, 13

MCO/BHO Participation

Commercial Plans

Aetna
BCBS – Preferred & Select
Humana / Choice Care
First Health / Coventry
GEHA (PPO USA)
Multiplan / PHCS
Principle Edge Network
Signature Alliance / Bluegrass
United Healthcare
USA Managed Care
Healthspring – HMO

Managed Medicaid Plans

UHC Community (Formerly AmeriChoice)
AmeriGroup

Managed Medicare Plans

BCBS Advantage
Humana Advantage like Humana Gold
United Healthcare plans
Windsor
Healthspring

Work Comp

Aetna WC
Corvel
First Health / Coventry
NovaNet
Prime Health
USA Managed Care

Tricare – Humana South Region

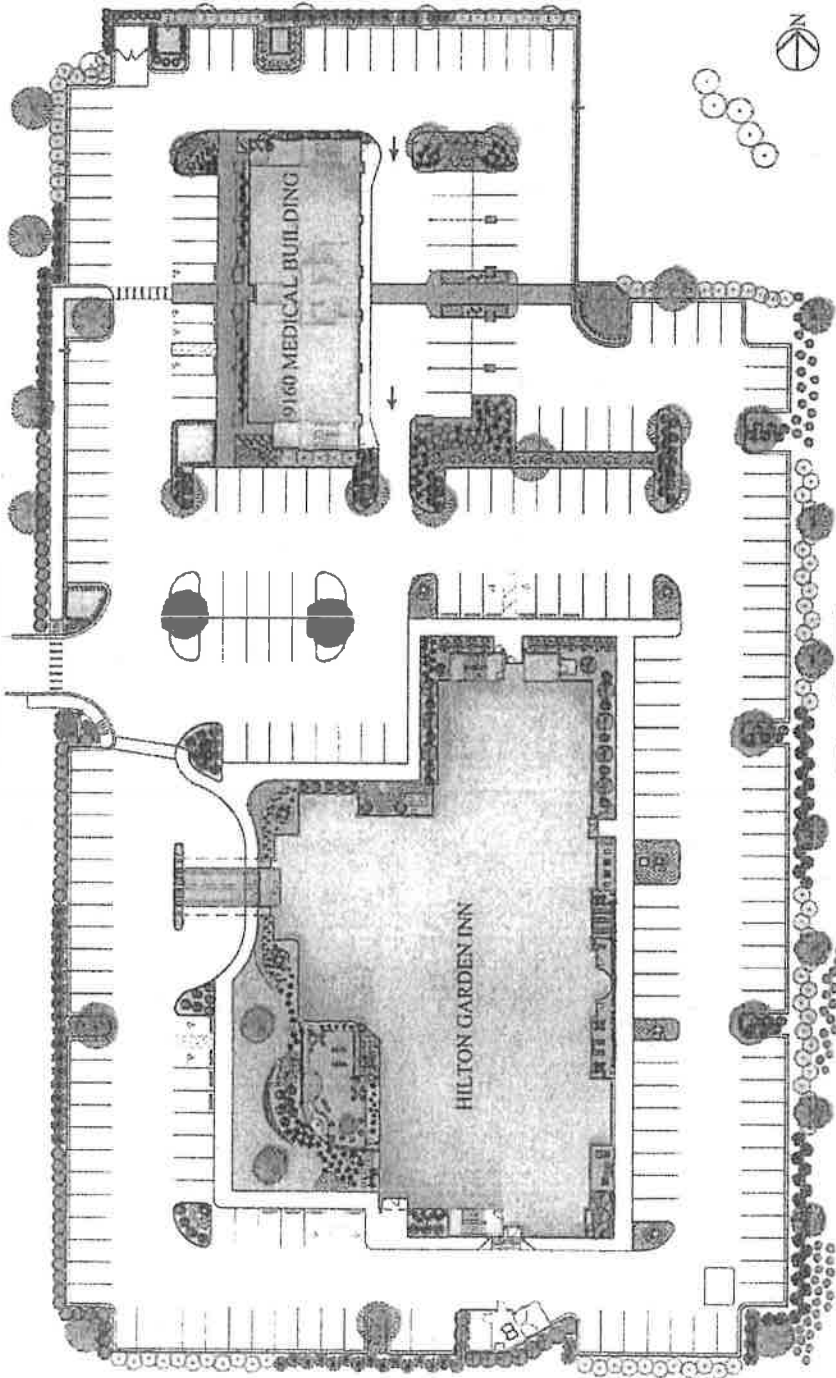
Attachment B, III.(A)

Plot Plan

2012 SEP 14 PM 12:38

9160 MEDICAL BUILDING

↑
TO CAROTHERS PARKWAY



SITE PLAN

RANDALL DOVER
ARCHITECT
4121 HILLSBORO ROAD • SUITE 505 • NASHVILLE, TN 37215 • (615) 261-3355

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

000139

Attachment B, III.(B).1

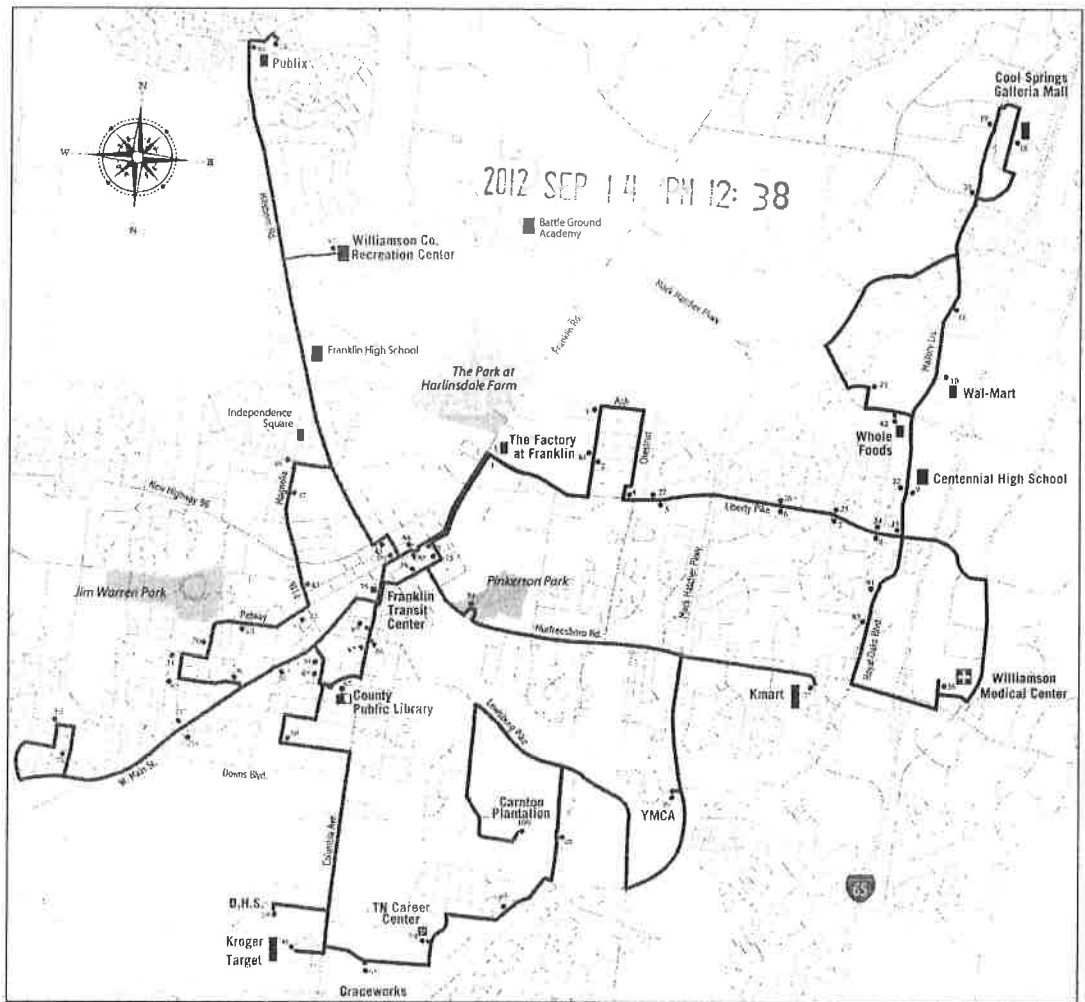
Maps of Service Area Access

FRANKLIN

TRANSIT



Please note: When Main Street is closed for Downtown Franklin events, the Fixed Route service will use Bridge Street



South Bound Route — Monday - Friday 8:00 - 4:00 & Saturday 8:00 - 5:00

#1	#15	#16	#75	#85	#86	#87	#88	#89	#90	#93	#94	#97	#98	#100	#99	#73	#74	#15	#1	
Factory	2nd Ave & Church St	4th Ave & Church St	Town Center	Papa Parking Lot	W. Franklin Lot: Historic	Historic Capitol Horse	Public Library	Carroll & Fairground	DHS & Dealey Dr	Parkway Commons Shopping Center	Garraways @ SE Parkway	South Dr & Cedar Center	Johns Dr & Park Pl	Yarmouth @ Carriage Park Dr	Historic Carriage Park	Franklin Y.M.C.A.	Wilson Glen Shop ping Center	Princeton Park	2nd Ave & Church St	Factory
8:00	8:03	8:04	8:06	8:08	8:10		8:12	8:14	8:16	8:20	8:25	8:27	8:28	8:29	8:36	8:41	8:46	8:53	8:56	9:00
9:00	9:03	9:04	9:06	9:08	9:10	9:11	9:12	9:14	9:16	9:20	9:25	9:27	9:28	9:29	9:36	9:41	9:46	9:53	9:56	10:00
10:00	10:03	10:04	10:06	10:08	10:10	10:11	10:12	10:14	10:16	10:20	10:25	10:27	10:28	10:29	10:36	10:41	10:46	10:53	10:56	11:00
11:00	11:03	11:04	11:06	11:08	11:10	11:11	11:12	11:14	11:16	11:20	11:25	11:27	11:28	11:29	11:36	11:41	11:46	11:53	11:56	12:00
12:00	12:03	12:04	12:06	12:08	12:10	12:11	12:12	12:14	12:16	12:20	12:25	12:27	12:28	12:29	12:36	12:41	12:46	12:53	12:56	1:00
1:00	1:03	1:04	1:06	1:08	1:10	1:11	1:12	1:14	1:16	1:20	1:25	1:27	1:28	1:29	1:36	1:41	1:46	1:53	1:56	2:00
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3:00	3:03	3:04	3:06	3:08	3:10	3:11	3:12	3:14	3:16	3:20	3:25	3:27	3:28	3:29	3:36	3:41	3:46	3:53	3:56	4:00
4:00	4:03	4:04	4:06	4:08	4:10	4:11	4:12	4:14	4:16	4:20	4:25	4:27	4:28	4:29	4:36	4:41	4:46	4:53	4:56	5:00

Saturday Only



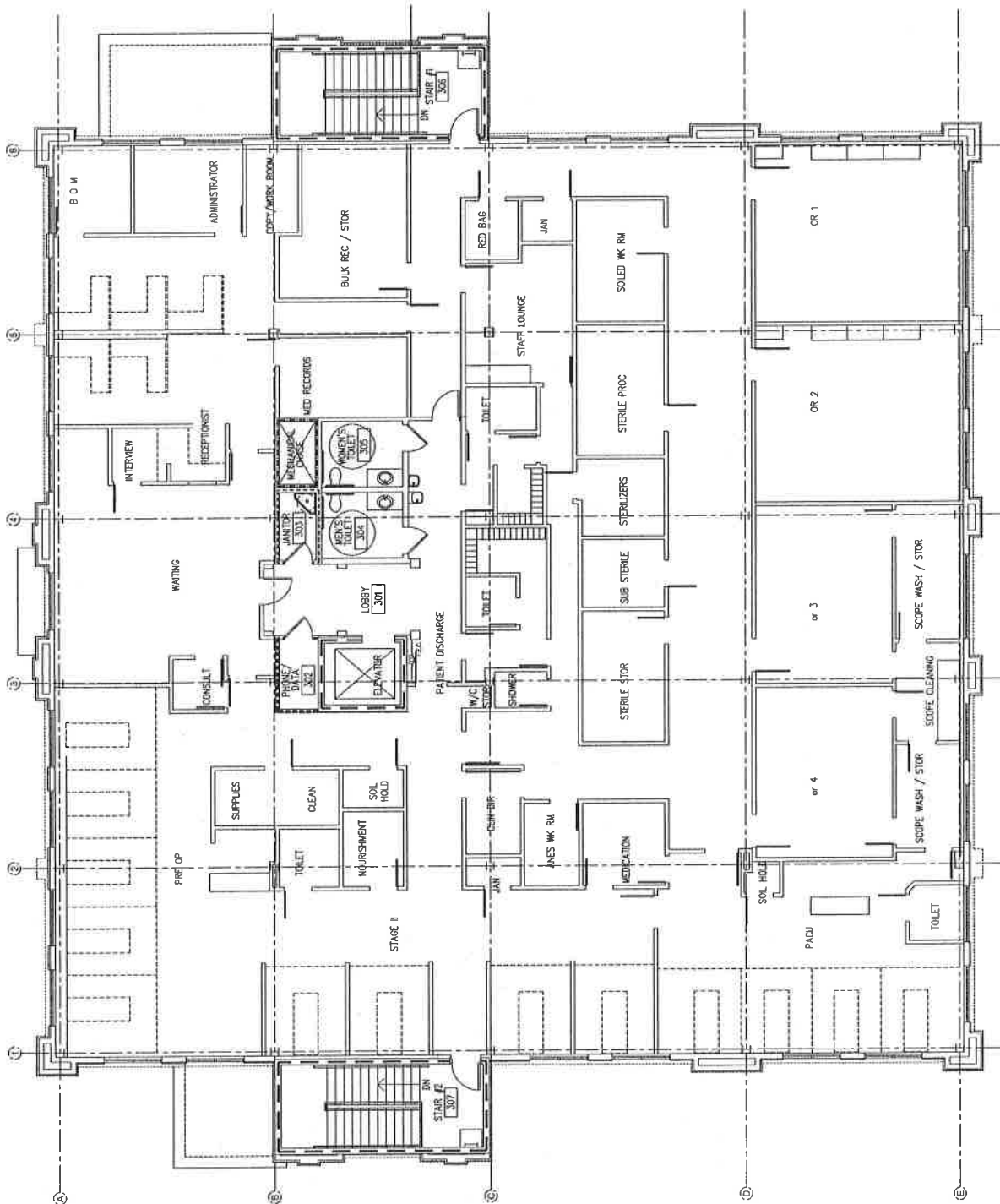
West Bound Route — Monday - Friday 6:00 - 5:00 & Saturday 8:00 - 5:00

#1	#44	#90	#75	#84	#65	#63	#55	#77	#78	#85	#90	#79	#76	#52	#51	#50	#50	#81	#48	#47	#82	#83	#84	#45	#45	#58	#59	#60	#1	
Factory	Main & 3rd Ave	Main & 4th Ave	Town Center	Carroll & Fairground	Public Library	Carroll & Fairground	Hatchers & Spring	Backer Park	Dorley & Davidson	Harrison & Carnton	Davidson	Franklin Estates 4	West Main & 5th St	West Main & 6th St	Robt & 1st St	Stewart & 2nd St	N. Parkway & Brookwood	11th Ave & Boyd Mill Rd	11th Ave & M. Hope St	Magnolia Dr & Sutter Ave	Wm. R. Center	Wilson Glen Shopping Center	Princeton Park	Franklin Y.M.C.A.	Davidson & Ind. Square	J.L. Owsen Center	4th Ave & Alley Way	3rd Ave & 3rd St	Main St & 2nd Ave	Factory
6:00	6:03	6:04	6:06	6:10	6:12	6:14	6:15	6:17	6:18	6:20	6:21	6:23	6:25	6:26	6:27	6:28	6:30	6:32	6:33	6:34	6:35	6:36	6:37	6:38	6:39	6:40	6:41	6:42	6:43	6:44
7:00	7:03	7:04	7:06	7:10	7:12	7:14	7:15	7:17	7:18	7:20	7:21	7:23	7:25	7:26	7:27	7:28	7:30	7:32	7:33	7:34	7:35	7:36	7:37	7:38	7:39	7:40	7:41	7:42	7:43	7:44
8:00	8:03	8:04	8:06	8:10	8:12	8:14	8:15	8:17	8:18	8:20	8:21	8:23	8:25	8:26	8:27	8:28	8:30	8:32	8:33	8:34	8:35	8:36	8:37	8:38	8:39	8:40	8:41	8:42	8:43	8:44
9:00	9:03	9:04	9:06	9:10	9:12	9:14	9:15	9:17	9:18	9:20	9:21	9:23	9:25	9:26	9:27	9:28	9:30	9:32	9:33	9:34	9:35	9:36	9:37	9:38	9:39	9:40	9:41	9:42	9:43	9:44
10:00	10:03	10:04	10:06	10:10	10:12	10:14	10:15	10:17	10:18	10:20	10:21	10:23	10:25	10:26	10:27	10:28	10:30	10:32	10:33	10:34	10:35	10:36	10:37	10:38	10:39	10:40	10:41	10:42	10:43	10:44
11:00	11:03	11:04	11:06	11:10	11:12	11:14	11:15	11:17	11:18	11:20	11:21	11:23	11:25	11:26	11:27	11:28	11:30	11:32	11:33	11:34	11:35	11:36	11:37	11:38	11:39	11:40	11:41	11:42	11:43	11:44
12:00	12:03	12:04	12:06	12:10	12:12	12:14	12:15	12:17	12:18	12:20	12:21	12:23	12:25	12:26	12:27	12:28	12:30	12:32	12:33	12:34	12:35	12:36	12:37	12:38	12:39	12:40	12:41	12:42	12:43	12:44
1:00	1:03	1:04	1:06	1:10	1:12	1:14	1:15	1:17	1:18	1:20	1:21	1:23	1:25	1:26	1:27	1:28	1:30	1:32	1:33	1:34	1:35	1:36	1:37	1:38	1:39	1:40	1:41	1:42	1:43	1:44
2:00	2:03	2:04	2:06	2:10	2:12	2:14	2:15	2:17	2:18	2:20	2:21	2:23	2:25	2:26	2:27	2:28	2:30	2:32	2:33	2:34	2:35	2:36	2:37	2:38	2:39	2:40	2:41	2:42	2:43	2:44
3:00	3:03	3:04	3:06	3:10	3:12	3:14	3:15	3:17	3:18	3:20	3:21	3:23	3:25	3:26	3:27	3:28	3:30	3:32	3:33	3:34	3:35	3:36	3:37	3:38	3:39	3:40	3:41	3:42	3:43	3:44
4:00	4:03	4:04	4:06	4:10	4:12	4:14	4:15	4:17	4:18	4:20	4:21	4:23	4:25	4:26	4:27	4:28	4:30	4:32	4:33	4:34	4:35	4:36	4:37	4:38	4:39	4:40	4:41	4:42	4:43	4:44

East Bound Route — Monday - Friday 7:00 - 6:00 & Saturday 9:00 - 6:00

#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#18	#19	#20	#21	#42	#22	#23	#24	#25	#26	#27	#28	#29	#1					
Factory	Symphony & Cedar	Symphony & Ash	Utah & Elmwood	Liberty & Elmwood	Liberty & Elmwood	Liberty & Elmwood	Liberty & Elmwood	Volvo Cars	Royal Oaks	Williamson Medical Center	Carroll Park	Walden	Melrose & Taylor	Rafferty Court	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor	Melrose & Taylor
7:00	7:03	7:04	7:05	7:06	7:10	7:11	7:12	7:14	7:15	7:20	7:24	7:26	7:28	7:30	7:35	7:37	7:39	7:40	7:45	7:47	7:49	7:50	7:51	7:52	7:53	7:54	7:55	7:56	7:57
8:00	8:03	8:04	8:05	8:06	8:10	8:11	8:12	8:14	8:15	8:20	8:24	8:26	8:28	8:30	8:35	8:37	8:39	8:40	8:45	8:47	8:49	8:50	8:51	8:52	8:53	8:54	8:55	8:56	8:57
9:00	9:03	9:04	9:05	9:06	9:10	9:11	9:12	9:14	9:15	9:20	9:24	9:26	9:28	9:30	9:35	9:37	9:39	9:40	9:45	9:47	9:49	9:50	9:51	9:52	9:53	9:54	9:55	9:56	9:57
10:00	10:03	10:04	10:05	10:06	10:10	10:11	10:12	10:14	10:15	10:20	10:24	10:26	10:28	10:30	10:35	10:37	10:39	10:40	10:45	10:47	10:49	10:50	10:51	10:52	10:53	10:54	10:55	10:56	10:57
11:00	11:03	11:04	11:05	11:06	11:10	11:11	11:12	11:14	11:15	11:20	11:24	11:26	11:28	11:30	11:35	11:37	11:39	11:40	11:45	11:47	11:49	11:50	11:51	11:52	11:53	11:54	11:55	11:56	11:57
12:00	12:03	12:04	12:05	12:06	12:10	12:11	12:12	12:14	12:15	12:20	12:24	12:26	12:28	12:30	12:35	12:37	12:39	12:40	12:45	12:47	12:49	12:50	12:51	12:52	12:53	12:54	12:55	12:56	12:57
1:00	1:03	1:04	1:05	1:06	1:10	1:11	1:12	1:14	1:15	1:20	1:24	1:26	1:28	1:30	1:35	1:37	1:39	1:40	1:45	1:47	1:49	1:50	1:51	1:52	1:53	1:54	1:55	1:56	1:57
2:00	2:03	2:04	2:05	2:06	2:10	2:11	2:12	2:14	2:15	2:20	2:24	2:26	2:28	2:30	2:35	2:37	2:39	2:40	2:45	2:47	2:49	2:50	2:51	2:52	2:53	2:54	2:55	2:56	2:57
3:00	3:03	3:04	3:05	3:06	3:10	3:11	3:12	3:14	3:15	3:20	3:24	3:26	3:28	3:30	3:35	3:37	3:39	3:40	3:45	3:47	3:49	3:50	3:51	3:52	3:53	3:54	3:55	3:56	3:57
4:00	4:03	4:04	4:05	4:06	4:10	4:11	4:12	4:14	4:15	4:20	4:24	4:26	4:28	4:30	4:35	4:37	4:39	4:40	4:45	4:47	4:49	4:50	4:51	4:52	4:53	4:54	4:55	4:56	4:57
5:00	5:03	5:04	5:05	5:06	5:10	5:11	5:12	5:14	5:15	5:20	5:24	5:26	5:28	5:30	5:35	5:37	5:39	5:40	5:45	5:47	5:49	5:50	5:51	5:52	5:53	5:54	5:55	5:56	5:57

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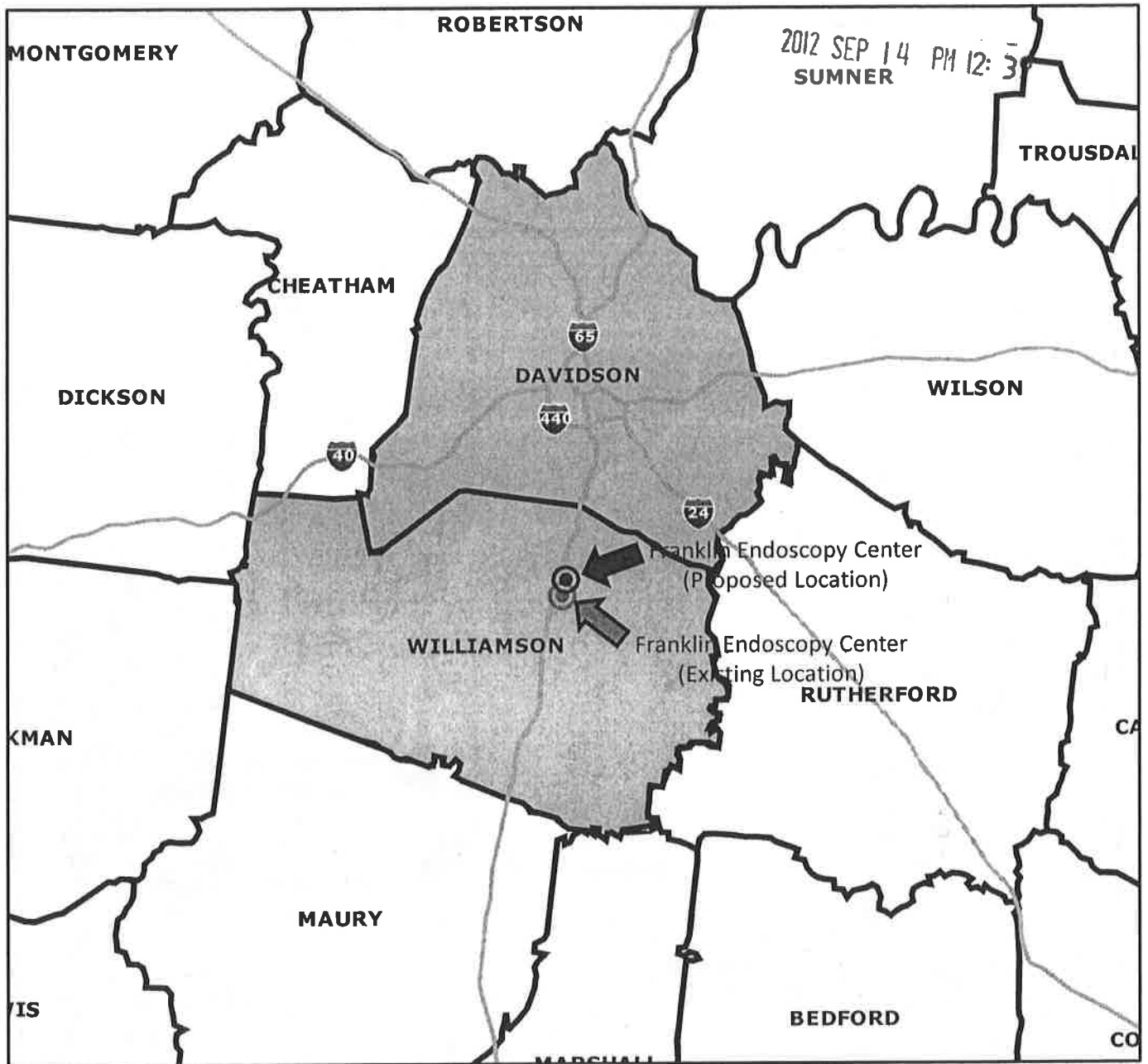


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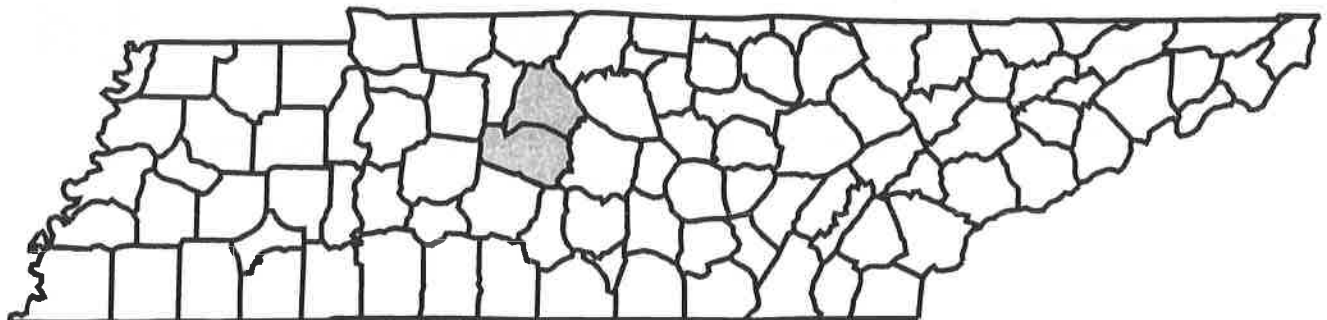
**Attachment C
Need - 1**

Service Area Map

Service Area Map

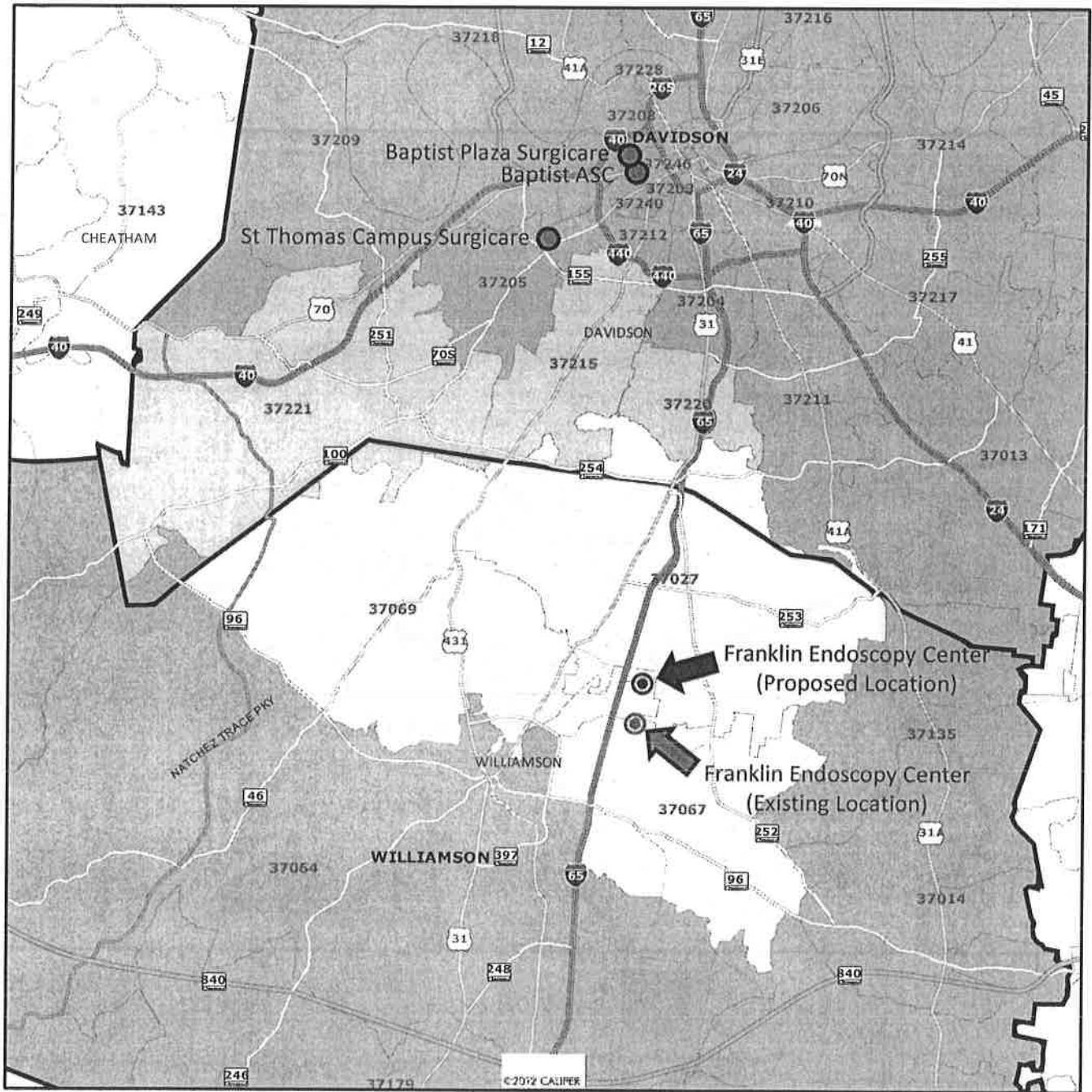


 Service Area



Service Area Map

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Primary Service Area

Secondary Service Area

**Attachment C
Need - 1**

ASTC Trend Data

3-Year ASTC & Outpatient Surgery OR Patient (Case) Utilization, Summary: Applicant Facility and Selected Existing Providers
Source: Joint Annual Reports

Occ Standard			800	2009										2010										2011									
ID	County	Zip SA	Facility	ORs	Proc	Cases	w/Proc	w/o	Occ Std	Rooms	ORs	Proc	Cases	w/Proc	w/o	Occ Std	Rooms	ORs	Proc	Cases	w/Proc	w/o	Occ Std	Rooms	ORs	Proc	Cases	w/Proc	w/o	Occ Std			
94747	Williamson	PSA	Franklin Endoscopy Center	0	2	2,602	162.6%	-			0	2	3,269	204.3%	-		0	2	2,527	157.9%	-		0	2	2,527	157.9%	-						
94740	Williamson	PSA	Williamson Surgery Center	4	3	3,680	65.7%	115.0%		4	4	1	3,531	88.3%	110.3%		4	1	3,410	85.3%	106.6%		4	1	3,410	85.3%	106.6%						
94681	Williamson	PSA	Cool Springs Surgery Center	5	1	6,751	140.6%	168.8%		5	5	1	6,790	141.5%	169.8%		5	1	6,510	135.6%	162.8%		5	1	6,510	135.6%	162.8%						
94710	Williamson	-	The Bone & Joint Surgery Center	3	0	3,398	141.6%	141.6%			-	-	-	-	-		-	-	-	-	-		-	-	-	-	-	-					
94234	Williamson	PSA	Williamson Medical Center	0		3,527				0	0		3,813				0		4,028				0		4,028								
		PSA		11	IP ORs	2,955				11	IP ORs		3,010				11	IP ORs		2,940			11	IP ORs		2,940							
19692	Davidson	-	Saint Thomas Campus Surgicare	6	1	8,028	143.4%	167.3%		6	6	1	6,835	122.1%	142.4%		6	1	7,639	136.4%	159.1%		6	1	7,639	136.4%	159.1%						
19652	Davidson	-	Baptist ASC	6	1	7,680	137.1%	160.0%		6	6	1	7,472	133.4%	155.7%		6	1	7,304	130.4%	152.2%		6	1	7,304	130.4%	152.2%						
19716	Davidson	-	Baptist Plaza Surgicare	9	1	9,922	124.0%	137.8%		9	9	1	9,427	117.8%	130.9%		9	1	9,171	114.6%	127.4%		9	1	9,171	114.6%	127.4%						
			Subtotal	21	3	25,630	133.5%	152.6%		21	21	3	23,734	123.6%	141.3%		21	3	24,114	125.6%	143.5%		21	3	24,114	125.6%	143.5%						
19277	Davidson	-	Centennial Surgery Center	6	2	3,633	56.8%	75.7%					7,217	112.8%	150.4%																		
19608	Davidson	-	Nashville Surgery Center	5	1	3,426	71.4%	85.7%		5	5	1	4,141	86.3%	103.5%		5	1	4,155	86.6%	103.9%		5	1	4,155	86.6%	103.9%						
19727	Davidson	-	Summit Surgery Center	5	1	7,279	151.6%	182.0%		5	5	1	6,873	143.2%	171.8%		5	1	6,505	135.5%	162.6%		5	1	6,505	135.5%	162.6%						
19279	Davidson	-	Northridge Surgery Center	4	1	3,789	94.7%	118.4%		4	4	1	3,673	91.8%	114.8%		4	2	3,201	66.7%	100.0%		4	2	3,201	66.7%	100.0%						
19721	Davidson	-	Premier Orthopaedic Surgery Center	2	0	2,425	151.6%	151.6%		2	2	0	2,104	131.5%	131.5%		2	0	2,382	148.9%	148.9%		2	0	2,382	148.9%	148.9%						
19739	Davidson	-	Premier Radiology Pain Mgt Center	0	2	4,156	259.8%	-		0	0	2	1,666	104.1%	-		0	2	2,000	125.0%	-		0	2	2,000	125.0%	-						
19696	Davidson	-	Saint Thomas OP Neurosurgical Center	2	2	2,197	68.7%	137.3%		2	2	2	2,523	78.8%	157.7%		2	2	2,469	102.9%	154.3%		2	2	2,469	102.9%	154.3%						
19708	Davidson	-	Tennessee Pain Surgery Center	1	3	8,685	271.4%	1085.6%		1	1	3	2,305	72.0%	288.1%		1	3	3,316	103.6%	414.5%		1	3	3,316	103.6%	414.5%						

Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)
2009

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/Discharges
1	19272	Eye Surgery Center of Middle Tennessee	Davidson	3	1	336	612	406
2	19277	Centennial Surgery Center	Davidson	6	2	3,633	13,471	3,633
3	19279	Northridge Surgery Center, LP	Davidson	4	1	3,789	11,202	3,791
4	19280	Urology Surgery Center, LP	Davidson	3	3	6,353	8,723	7,688
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	6,715	8,675	6,715
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,716	3,422	2,716
7	19303	Southern Endoscopy Center	Davidson	0	3	2,926	4,548	2,926
8	19304	Mid-State Endoscopy Center	Davidson	0	3	2,371	2,914	2,371
9	19313	St. Thomas Medical Group Endoscopy Center	Davidson	0	2	4,179	4,762	4,179
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	3,112	3,686	3,112
11	19608	Nashville Surgery Center	Davidson	5	1	3,426	7,236	3,426
12	19610	Oral Facial Surgery Center	Davidson	3	4	2,888	2,888	2,888
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	1	0	827	939	939
14	19651	Associated Endoscopy	Davidson	0	3	5,139	5,274	5,133
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,680	16,670	7,680
16	19676	The Center for Assisted Reproductive Technologies	Davidson	0	2	222	309	309
17	19688	Eye Surgery Center of Nashville, LLC	Davidson	1	1	3,946	6,374	3,788
18	19692	Saint Thomas Campus Surgicare, LP	Davidson	6	1	8,028	18,361	8,028
19	19696	Saint Thomas Outpatient Neurosurgical Center, LLC	Davidson	2	2	2,197	4,539	2,197
20	19698	LVC Outpatient Surgery Center	Davidson	2	1	1,806	3,340	3,340
21	19708	Tennessee Pain Surgery Center, LLC	Davidson	1	3	8,685	24,956	8,685
22	19716	Baptist Plaza Surgicare, LP	Davidson	9	1	9,922	24,153	9,922
23	19721	Premier Orthopaedic Surgery Center, LLC	Davidson	2	0	2,425	5,317	2,425
24	19722	Delozier Surgery Center, LLC	Davidson	1	3	388	865	388
25	19723	Nashville Vision Correction, LLC	Davidson	1	0	173	292	173
26	19727	Summit Surgery Center	Davidson	5	1	7,279	13,897	7,279
27	19729	American Endoscopy Center, PC	Davidson	1	1	486	709	709
28	19732	NFC Surgery Center, LLC	Davidson	1	1	372	699	699
29	19738	Gurley Surgery Center	Davidson	0	3	369	411	369
30	19739	Premier Radiology Pain Management Center	Davidson	0	2	4,156	4,984	4,156
31	94681	Cool Springs Surgery Center	Williamson	5	1	6,751	10,491	6,751
32	94690	Vanderbilt Williamson Cancer Center, LLC	Williamson	0	5	487	17,664	471
33	94710	The Bone and Joint Surgery Center, LLC	Williamson	3	0	3,398	5,053	3,398
34	94740	Williamson Surgery Center	Williamson	4	3	3,680	6,211	3,680
35	94747	Franklin Endoscopy Center, LLC	Williamson	0	2	2,602	3,220	2,602
		Total		75	66	123,462	246,867	126,972
		Capacity Per Room		800	800			
		Total Capacity		60,000	52,800			
				112,800				

Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)
2010

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/ Discharges
1	19738	Gurley Surgery Center	Davidson	0	3	365	380	365
2	19277	Centennial Surgery Center	Davidson	6	2	7,217	13,403	7,217
3	19279	Northridge Surgery Center	Davidson	4	1	3,673	9,599	3,673
4	19280	Urology Surgery Center	Davidson	3	3	6,230	9,744	7,715
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	6,041	7,597	6,246
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,615	2,975	2,615
7	19303	Southern Endoscopy Center	Davidson	0	3	2,966	3,486	2,966
8	19304	Mid State Endoscopy Center	Davidson	0	3	2,523	3,180	2,523
9	19313	St. Thomas Medical Group Endoscopy Center	Davidson	0	2	3,502	4,400	3,502
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	2,451	3,011	2,451
11	19608	Nashville Surgery Center	Davidson	5	1	4,141	5,392	4,141
12	19610	Oral Facial Surgery Center	Davidson	3	4	2,290	2,290	2,290
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	1	0	834	933	933
14	19651	Associated Endoscopy	Davidson	0	3	4,738	4,994	4,738
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,472	12,709	7,680
16	19676	The Center for Assisted Reproductive Technologies, LLC	Davidson	0	2	230	312	312
17	19688	Eye Surgery Center of Nashville, LLC	Davidson	1	1	3,972	7,060	3,836
18	19692	St. Thomas Campus Surgicare, LP	Davidson	6	1	6,835	19,479	6,835
19	19696	St. Thomas Outpatient Neurosurgical Center, LLC	Davidson	2	2	2,523	5,481	2,523
20	19698	LVC Outpatient Surgery Center, LLC	Davidson	2	1	1,973	5,260	5,260
21	19708	Tennessee Pain Surgery Center, LLC	Davidson	1	3	2,305	7,294	7,294
22	19716	Baptist Plaza Surgicare, L.P.	Davidson	9	1	9,427	23,104	9,427
23	19721	Premier Orthopaedic Surgery Center	Davidson	2	0	2,104	4,377	2,140
24	19722	DeLozier Surgery Center	Davidson	1	3	426	954	426
25	19723	Nashville Vision Correction, LLC	Davidson	1	0	169	282	169
26	19727	Summit Surgery Center, LP	Davidson	5	1	6,873	13,277	6,873
27	19729	American Endoscopy Center, PC	Davidson	1	1	598	858	858
28	19732	NFC Surgery Center, LLC	Davidson	1	0	387	702	702
29	19739	Premier Radiology Pain Management Center	Davidson	0	2	1,666	5,839	2,751
30	94735	Crossroads Surgery Center LLC.	Williamson	0	1	220	500	500
31	94740	Williamson Surgery Center	Williamson	4	1	3,531	4,417	3,278
32	94747	Franklin Endoscopy Center	Williamson	0	2	3,269	3,381	2,726
33	94681	Cool Springs Surgery Center	Williamson	5	1	6,790	11,114	6,790
34	94690	Vanderbilt-Ingram Cancer Center at Franklin	Williamson	0	5	525	19,888	500
		Total		69	63	110,881	217,672	122,255
		Capacity Per Room		800	800			
		Total Capacity		55,200	50,400			
				105,600				

Source: Tennessee Department of Health, Division of Policy, Planning and Assessment, Health Statistics

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Joint Annual Report of Ambulatory Surgical Treatment Centers (ASTC)
2011

#	State ID	Facility Name	County	Operating Rooms	Procedure Rooms	Patients	Procedures	Admissions/ Discharges
1	19272	Eye Surgery Center of Middle Tennessee	Davidson	3	0	0	0	0
2	19277	Centennial Surgery Center	Davidson	6	2	7,405	13,486	7,405
3	19279	Northridge Surgery Center	Davidson	4	2	3,201	16,416	3,201
4	19280	Urology Surgery Center	Davidson	3	3	7,608	8,749	7,608
5	19301	Digestive Disease Endoscopy Center	Davidson	0	4	5,845	7,332	6,052
6	19302	Nashville Endoscopy Center	Davidson	0	3	2,594	2,887	2,594
7	19303	Southern Endoscopy Center	Davidson	0	3	2,591	2,895	2,591
8	19304	Mid-State Endoscopy Center	Davidson	0	3	2,404	3,114	2,424
9	19313	Saint Thomas Medical Group Endoscopy Center	Davidson	0	2	3,411	4,327	3,411
10	19606	Nashville Gastrointestinal Endoscopy Center	Davidson	0	2	2,698	3,298	2,802
11	19608	Nashville Surgery Center	Davidson	5	1	4,155	5,293	4,270
12	19610	Oral Facial Surgery Center	Davidson	3	4	1,986	2,947	2,947
13	19627	Wesley Ophthalmic Plastic Surgery Center	Davidson	2	0	754	858	858
14	19651	Associated Endoscopy	Davidson	0	3	5,222	5,712	5,222
15	19652	Baptist Ambulatory Surgery Center	Davidson	6	1	7,304	16,059	7,304
16	19676	The Center for Assisted Reproductive Technologies	Davidson	0	2	255	359	359
17	19688	Eye Surgery Center of Nashville	Davidson	1	1	2,524	6,319	2,524
18	19692	Saint Thomas Campus Surgicare	Davidson	6	1	7,639	25,441	7,639
19	19696	Saint Thomas Outpatient Neurosurgical Center	Davidson	2	1	2,469	5,544	5,544
20	19698	LVC Outpatient Surgery Center	Davidson	2	1	1,902	4,575	4,575
21	19708	Tennessee Pain Surgery Center	Davidson	1	3	3,316	7,848	7,848
22	19716	Baptist Plaza Surgicare	Davidson	9	1	9,171	21,635	9,171
23	19721	Premier Orthopaedic Surgery Center	Davidson	2	0	2,382	5,122	2,362
24	19722	DeLozier Surgery Center	Davidson	1	0	486	992	1,944
25	19723	Nashville Vision Correction	Davidson	1	0	132	214	141
26	19727	Summit Surgery Center	Davidson	5	1	6,505	14,112	6,505
27	19729	American Endoscopy Center	Davidson	1	1	602	820	820
28	19732	NFC Surgery Center	Davidson	1	1	389	389	389
29	19738	Gurley Surgery Center	Davidson	0	3	300	318	318
30	19739	Premier Radiology Pain Mangement Center	Davidson	0	2	2,000	6,701	3,282
31	94681	Cool Springs Surgery Center	Williamson	5	1	6,501	10,841	6,501
32	94690	Vanderbilt-Ingram Cancer Center at Franklin	Williamson	0	5	447	19,888	447
33	94735	Crossroads Surgery Center	Williamson	0	1	275	720	1,560
34	94740	Williamson Surgery Center	Williamson	4	1	3,410	6,443	3,410
35	94747	Franklin Endoscopy Center	Williamson	0	2	2,527	3,154	2,527
		Total		73	61	110,410	234,808	126,555
		Capacity Per Room		800	800			
		Total Capacity		58,400	48,800			
				107,200				

Tab 12

Attachment C
Need - 1

Medicare Rate Comparisons

ASC vs Hospital Comparison - Medicare 2011, Nashville Market
Top 5 CPTs by Specialty

Specialty	CPT Description	ASC Medicare 11 Rate	HOPD Medicare 11 Rate	Medicare ASC as % of HOPD
02-OTHER OPHTHALMOLOGY	66984: Cataract surg w/ol 1 stage	\$ 925	\$ 1,648	56%
	15823: Revision of upper eyelid	\$ 840	\$ 1,495	56%
	66821: After cataract laser surgery	\$ 211	\$ 377	56%
	66982: Cataract surgery complex	\$ 925	\$ 1,648	56%
	68720: Create tear sac drain	\$ 1,002	\$ 1,785	56%
02-OTHER OPHTHALMOLOGY Total				
04-ENT/OTOLARYNGOLOGY	69436: Create eardrum opening	\$ 654	\$ 1,164	56%
	30520: Repair of nasal septum	\$ 967	\$ 1,721	56%
	31255: Removal of ethmoid sinus	\$ 1,166	\$ 2,077	56%
	42820: Remove tonsils and adenoids	\$ 967	\$ 1,721	56%
	42826: Removal of tonsils	\$ 967	\$ 1,721	56%
04-ENT/OTOLARYNGOLOGY Total				
05-GENERAL SURGERY	49505: Prp l/hern init reduc >5 yr	\$ 1,247	\$ 2,220	56%
	47562: Laparoscopic cholecystectomy	\$ 1,803	\$ 3,211	56%
	36561: Insert tunneled cv cath	\$ 1,160	\$ 2,065	56%
	45378: Diagnostic colonoscopy	\$ 352	\$ 627	56%
	47563: Laparo cholecystectomy/graph	\$ 1,803	\$ 3,211	56%
05-GENERAL SURGERY Total				
06-GYNECOLOGY	58558: Hysteroscopy biopsy	\$ 870	\$ 1,549	56%
	58671: Laparoscopy tubal block	\$ 1,803	\$ 3,211	56%
	59820: Care of miscarriage	\$ 779	\$ 1,388	56%
	58662: Laparoscopy excise lesions	\$ 1,803	\$ 3,211	56%
	57522: Conization of cervix	\$ 779	\$ 1,388	56%
06-GYNECOLOGY Total				
07-ORTHOPEDIC	29826: Shoulder arthroscopy/surgery	\$ 1,826	\$ 3,251	56%
	29881: Knee arthroscopy/surgery	\$ 1,130	\$ 2,011	56%
	64721: Carpal tunnel surgery	\$ 721	\$ 1,284	56%
	29880: Knee arthroscopy/surgery	\$ 1,130	\$ 2,011	56%
	29827: Arthroscop rotator cuff repr	\$ 1,826	\$ 3,251	56%
07-ORTHOPEDIC Total				
08-PAIN MANAGEMENT	62311: Inject spine l/s (cd)	\$ 286	\$ 509	56%
	64483: Inj foramen epidural l/s	\$ 286	\$ 509	56%
	64493: Inj paravert f jnt l/s 1 lev	\$ 286	\$ 509	56%
	62310: Inject spine c/t	\$ 286	\$ 509	56%
	64622: Destr paravertebrl nerve l/s	\$ 482	\$ 859	56%
08-PAIN MANAGEMENT Total				
09-PLASTIC	19325: Enlarge breast with implant	\$ 2,412	\$ 4,294	56%
	19318: Reduction of large breast	\$ 1,696	\$ 3,020	56%
	19316: Suspension of breast	\$ 1,279	\$ 2,277	56%
	19380: Revise breast reconstruction	\$ 1,696	\$ 3,020	56%
	19371: Removal of breast capsule	\$ 1,279	\$ 2,277	56%
09-PLASTIC Total				
10-PODIATRY	28285: Repair of hammertoe	\$ 852	\$ 1,516	56%
	28296: Correction of bunion	\$ 1,253	\$ 2,231	56%
	28080: Removal of foot lesion	\$ 852	\$ 1,516	56%
	28119: Removal of heel spur	\$ 852	\$ 1,516	56%
	28299: Correction of bunion	\$ 1,253	\$ 2,231	56%
10-PODIATRY Total				
11-UROLOGY	57288: Repair bladder defect	\$ 1,711	\$ 3,046	56%
	54161: Circum 28 days or older	\$ 895	\$ 1,593	56%
	52260: Cystoscopy and treatment	\$ 662	\$ 1,179	56%
	55040: Removal of hydrocele	\$ 1,247	\$ 2,220	56%
	53020: Incision of urethra	\$ 818	\$ 1,456	56%
11-UROLOGY Total				
12-GASTROENTEROLOGY	43239: Upper gi endoscopy biopsy	\$ 335	\$ 596	56%
	45378: Diagnostic colonoscopy	\$ 352	\$ 627	56%
	45380: Colonoscopy and biopsy	\$ 352	\$ 627	56%
	45385: Lesion removal colonoscopy	\$ 352	\$ 627	56%
	G0121: Colon ca scm not hi rsk ind	\$ 312	\$ 555	56%
12-GASTROENTEROLOGY Total				
13-SPINE	63030: Low back disk surgery	\$ -	\$ 3,445	0%
	22554: Neck spine fusion	\$ -	IP Only	#VALUE!
	63075: Neck spine disk surgery	\$ -	\$ 3,445	0%
	64721: Carpal tunnel surgery	\$ 721	\$ 1,284	56%
	22551: Neck spine fuse&remove addl	\$ -	IP Only	#VALUE!
13-SPINE Total				

Attachment C
Need - 4

Service Area TennCare Population/Demographic Data

**Service Area TennCare Population
March 2012**

Service Area Counties	TennCare Enrollees	2012 Population	% Enrolled
Davidson	118,510	633,468	18.9%
Williamson	8,690	192,059	4.5%
Total SA	128,200	825,527	15.5%

Sources: Claritas, Inc., Bureau of TennCare

Franklin Endoscopy Center

Demographic /Geographic Area	37027	37067	37069	37215	37220	37221	6 ZIP Code Total	Williamson County	Davidson County	Service Area County Total	State of TN Total
Total Population-Current Year -2012	51,914	25,897	19,813	22,546	5,927	38,887	164,984	190,673	640,235	830,908	6,449,210
Total Population-Projected Year -2016	58,320	29,553	21,027	22,747	5,949	40,826	178,422	207,040	667,055	874,095	6,663,578
Total Population-% change	12.3%	14.1%	6.1%	0.9%	0.4%	5.0%	8.1%	8.6%	4.2%	5.2%	3.3%
Age 65 & over Population - 2012	5,703	2,027	1,763	3,914	1,001	4,450	18,858	19,871	69,673	89,544	909,600
Age 65 & over Population - 2016	7,967	3,195	2,382	4,289	1,059	5,439	24,331	24,519	79,404	103,923	1,029,660
Age 65 & over Population - % change	39.7%	57.6%	35.1%	9.6%	5.8%	22.2%	29.0%	23.4%	14.0%	16.1%	13.2%
Age 65 & over Population as % of Total Pop.	13.7%	10.8%	11.3%	18.9%	17.8%	13.3%	13.6%	11.8%	11.9%	11.9%	15.5%
Median Age ¹	40.3	38.5	37.1	40.5	42.3	36.8		38.5	33.9		38.0
Median Household Income ¹	\$106,944	\$85,703	\$105,746	\$80,252	\$80,362	\$65,550		\$82,273	\$43,825		\$41,461
TennCare Enrollees ²								8,690	119,510	128,200	1,206,538
TennCare Enrollees as % of Total ²								4.6%	18.7%	15.4%	18.7%
Persons Below Poverty Level ³	257	118	102	166	25	476	1,144	11,740	120,757	132,497	1,102,643
Persons Below Poverty Level as % of Total ³	1.7%	1.6%	1.7%	3.0%	1.4%	4.3%	2.4%	6.4%	20.0%	16.8%	17.8%

Sources: Claritas, Inc. (Zip code level data); Tennessee Department of Health Population Projections, 2010-2020 (County level data, interpolated)

¹County level data: U.S. Census Bureau, Small Area Income and Poverty Estimates, 2010

²Bureau of TennCare, March 2012

³Claritas data provided lists "families" in poverty, not persons; County level data: U.S. Census Bureau, Small Area Income and Poverty Estimates, 2010

Tab 14

**Attachment C
Need - 1**

Construction Costs and Verification Letter



Integrated Program Management

of Healthcare & Commercial Capital Projects

11 Sep. 2012

United Surgical Partners International
8 Cadillac Dr.
Brentwood, TN 37027

RE: Franklin Endoscopy/ASC
2 Class C ORs/2 Class B ORs
Franklin, TN

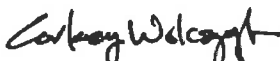
To Whom It May Concern:

This correspondence is being issued as a testament that the submitted estimate of cost for the proposed tenant interior construction of the above reference new construction of a 10,200 usable SF center. The estimate of \$1,652,400 is based on comparative estimates of similar construction and adjusted for local trades.

I attest that the design and construction information submitted is consistent with the design and cost of similar facilities in the region. The physical environment will conform to applicable federal, state and local construction codes, standards, manufacturer's specifications and licensing agencies' requirements including the current 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

If there is any question or further qualifications required for the project, please contact me as deemed necessary.

Respectfully
3 D / IPM


Corkey Wolczyk
Owner

Attachment C
Economic Feasibility - 2

Verification of Funding

**UNITED SURGICAL PARTNERS INTERNATIONAL, INC.
AND SUBSIDIARIES**

2012 SEP 14 PM 12:39

Consolidated Balance Sheets

	March 31, 2012 (Unaudited) (In thousands — except share data)	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 49,099	\$ 41,822
Accounts receivable, net of allowance for doubtful accounts of \$8,773 and \$8,576, respectively	54,925	58,057
Other receivables	17,753	10,499
Inventories of supplies	10,409	10,117
Deferred tax asset, net	14,974	14,704
Prepays and other current assets	26,972	20,129
Total current assets	174,132	155,328
Property and equipment, net	248,093	235,321
Investments in unconsolidated affiliates	442,206	444,734
Goodwill	1,221,094	1,209,345
Intangible assets, net	330,047	327,140
Other assets	26,708	21,630
Total assets	<u>\$2,442,280</u>	<u>\$2,393,498</u>
LIABILITIES AND EQUITY		
Accounts payable	\$ 28,215	\$ 28,765
Accrued salaries and benefits	23,371	24,405
Due to affiliates	137,113	139,628
Accrued interest	16,602	6,671
Current portion of long-term debt	25,465	25,487
Other current liabilities	58,974	52,281
Total current liabilities	289,740	277,237
Long-term debt, less current portion	1,046,810	1,042,969
Other long-term liabilities	31,797	30,807
Deferred tax liability, net	170,806	167,946
Total liabilities	1,539,153	1,518,959
Noncontrolling interests — redeemable (Note 3)	128,952	106,668
Equity:		
United Surgical Partners International, Inc. (USPI) stockholder's equity:		
Common stock, \$0.01 par value; 100 shares authorized, issued and outstanding ..	—	—
Additional paid-in capital	762,229	778,030
Accumulated other comprehensive loss	(58,629)	(63,033)
Retained earnings	36,415	17,691
Total USPI stockholder's equity	740,015	732,688
Noncontrolling interests — non-redeemable (Note 3)	34,160	35,183
Total equity	774,175	767,871
Total liabilities and equity	<u>\$2,442,280</u>	<u>\$2,393,498</u>

See accompanying notes to consolidated financial statements.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)



**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

or



**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 333-144337

United Surgical Partners International, Inc.
(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

**15305 Dallas Parkway, Suite 1600
Addison, Texas**

(Address of principal executive offices)

75-2749762

*(IRS Employer
Identification Number)*

75001

(Zip Code)

(972) 713-3500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of Common Stock of the Registrant outstanding at May 8, 2012 was 100.

This Form 10-Q was not filed with the Securities & Exchange Commission, due to the refinancing completed on April 3, 2012

Attachment C
Economic Feasibility - 10

Balance Sheet and Income Statement

Franklin Endoscopy Center, LLC
Balance Sheet
(in thousands)

	<u>CY 2011</u>	<u>May 2012</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 130	\$ 162
Short-term investments	\$ -	\$ -
Accounts receivable	\$ 276	\$ 269
Allowance for contractuals	\$ (39)	\$ (19)
Allowance for bad debts	\$ (56)	\$ (38)
Net accounts receivable	\$ 181	\$ 212
Other receivables	\$ -	\$ -
Short-term notes receivable	\$ -	\$ -
Inventories	\$ 18	\$ 18
Prepaid expenses and other current assets	\$ 6	\$ 6
Total current assets	\$ 335	\$ 398
Property, plant and equipment		
Land	\$ -	\$ -
Buildings and improvements	\$ 379	\$ 379
Equipment	\$ 198	\$ 198
Furniture and fixtures	\$ 1	\$ 1
Asset clearing	\$ -	\$ -
Projects in progress	\$ -	\$ -
Accumulated depreciation	\$ (346)	\$ (366)
Total property, plant and equipment	\$ 233	\$ 213
Other noncurrent assets		
Investment in subsidiaries	\$ -	\$ -
Intangible assets	\$ -	\$ -
Long-term notes receivable	\$ -	\$ -
Other assets	\$ -	\$ -
Total other noncurrent assets	\$ -	\$ -
Total assets	\$ 568	\$ 611
LIABILITIES AND CAPITAL		
Current liabilities		
Accounts payable	\$ 15	\$ 30
Due to/from affiliates	\$ 36	\$ 40
Accrued salaries and benefits	\$ 35	\$ 37
Short-term debt	\$ -	\$ -
Current portion of long-term debt	\$ 44	\$ 45
Other current liabilities	\$ 28	\$ 29
Total current liabilities	\$ 158	\$ 181
Noncurrent liabilities		
Long-term debt	\$ 61	\$ 42
Deferred gain/revenue	\$ 15	\$ 15
Deferred tax liabilities	\$ -	\$ -
Other noncurrent liabilities	\$ -	\$ -
Total noncurrent liabilities	\$ 77	\$ 57
Partners'/members' capital	\$ 333	\$ 373
Total liabilities and capital	\$ 568	\$ 611

Franklin Endoscopy Center, LLC
Revenue & Expense Statement

	<u>CY 2011</u>		<u>5 months May 2012</u>	
REVENUE				
Gross patient revenue	\$	11,775,254	\$	5,330,734
Miscellaneous revenue	\$	-	\$	-
Total gross revenue	\$	11,775,254	\$	5,330,734
Provision for contractuals	\$	9,400,223	\$	4,169,218
Other revenue deductions	\$	-	\$	4,146
Total revenue deductions	\$	9,400,223	\$	4,173,364
Net revenue	\$	2,375,031	\$	1,157,370
EXPENSES				
Personnel costs	\$	532,067	\$	226,177
Drugs and medical	\$	83,615	\$	46,383
Repair and maintenance	\$	16,455	\$	15,889
Purchased services	\$	180,269	\$	78,598
Net anesthesia	\$	235,520	\$	97,060
Minor equipment and instuments	\$	800	\$	93
Utilities	\$	11,710	\$	6,007
Non-medical supplies and expenses	\$	52,715	\$	21,573
Professional fees	\$	15,124	\$	3,384
Sales expense	\$	337	\$	-
Insurance	\$	18,890	\$	9,653
Provision for bad debts	\$	78,651	\$	16,842
Lease and rent expense	\$	129,491	\$	120,092
Non-income taxes	\$	6,120	\$	775
Management fee expense	\$	160,747	\$	79,837
Total operating expenses	\$	1,522,512	\$	722,365
Depreciation expense	\$	49,411	\$	20,092
Amoritazation expense	\$	-	\$	-
Interest expense (income)	\$	6,858	\$	1,719
Other expense (income)	\$	-	\$	-
Total non-operating expenses	\$	56,269	\$	21,811
Pretax income (loss)	\$	796,250	\$	413,194
Income taxes	\$	52,514	\$	22,683
Net income (loss)	\$	743,736	\$	390,511

Attachment C
Contribution to the Orderly Development of Health Care – 7.(b)

Facility License

Health Care Facilities

Licensed Facilities

For more information, please contact:
Health Care Facilities: (615)741-7221 or 1-888-310-4650

Current Listings:

Type = Ambulatory Surgical Treatment Center County = WILLIAMSON Name = Franklin Endo

[Click here to return to the search page](#)

Total Facilities:1

1. FRANKLIN ENDOSCOPY CENTER, LLC 740 COOL SPRINGS BLVD. SUITE 210B FRANKLIN , TN 37067 Attn: DEBORAH WOOD, RN (615) 550-6066	Administrator: DEBORAH WOOD, RN Owner Information: FRANKLIN ENDOSCOPY CENTER, LLC 740 COOL SPRINGS BLVD. #210-B FRANKLIN, TN 37067 (615) 550-6066	Facility License Number: 00000190 Status: Licensed Date of Last Survey: 01/18/2007 Accreditation Expires: 12/17/2013 Date of Original Licensure: 01/30/2007 Date of Expiration: 01/24/2013 This Facility is Managed By: UNITED SURGRICAL PARTNERS INTERNATIONAL SUITE 1600 ADDISON TX
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Franklin Endoscopy Center

February 8, 2012

State of Tennessee Department of Health
Centers for Medicare and Medicaid Services

Please grant a waiver to Franklin Endoscopy Center to satisfy CMS requirement number CFR416.2 and CFR 416.44 in definition and Life Safety Code. I have submitted our Plan of Correction to construct a separate waiting room and registration area with 1 hour fire wall. However, Franklin Endoscopy Center is requesting additional time to secure funding from the Governing Board, coordinate architects and engineers to develop and implement the plan to satisfy this requirement. The existing facility footprint is limiting our ability to submit corrective actions to the state for approval in a timelier manner.

In the interim we plan to place a partition to divide Franklin Endoscopy Center's waiting area and registrar from the physician's clinic waiting and registration area. Franklin Endoscopy centers waiting area will have a clear view of the exit and signage that will clearly define the space as Franklin Endoscopy Center's waiting area. This plan will not adversely affect the health and safety of our patients.

Franklin Endoscopy Center requests till 12-31-2012 to complete this project and satisfy all requirements.

Deborah Wood
Administrator



2012 SEP 14 PM 12:39

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
West Tennessee Regional Office
2975 Highway 45 Bypass, Suite C
Jackson, Tennessee 38305
Phone: 731-984-9684

IMPORTANT NOTICE - PLEASE READ CAREFULLY
(Receipt of this notice is presumed to be 1/31/2012, date notice faxed/emailed.)

Certified Mail: #7006-0100-0002-2630-3802

January 31, 2012

Ms. Deborah Wood, RN, Administrator
Franklin Endoscopy Center, LLC
740 Cool Springs Boulevard, Suite 210B
Franklin, TN 37067

RE: Recertification Survey with Conditions
CCN #: 44C0001161

Dear Ms. Wood:

Enclosed is the Statement of Deficiencies which was developed as a result of the recertification survey conducted at your facility **January 17-19, 2012**. Based upon CFR 488.28, you are asked to submit an acceptable plan of correction to this office within **ten (10) days from the date of this letter with acceptable time frames for correction of the cited deficiencies. Corrective action must be achieved no later than forty-five (45) days from the date of the survey.** In as much as there is one (1) Condition for Coverage out of compliance, this office cannot recommend recertification of our facility. Once corrective action has been taken, no later than 45 days from the day of the survey (03/04/2012), and we have verified this action through a follow-up visit, consideration may be given to a favorable recommendation for recertification. Please notify this office in the event that these deficiencies can be corrected prior to this date so that a follow-up visit may be made before the 45th day.

The following one (1) CONDITION of Coverage was found to be out of compliance: Q100
Six (6) STANDARD level deficiencies were cited: Q002, Q061, Q062, Q104, Q261, and K114

Based on noncompliance with the aforementioned **Conditions of Coverage**, this office is recommending to the CMS Regional Office and/or State Medicaid Agency that your provider

agreement be terminated if substantial compliance is not achieved **within forty-five (45) days from the date of the survey**. Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

If there are any delays in completing your Plan of Correction, please notify this office in writing. The Plan of Correction **must be submitted on the CMS Form enclosed, dated and signed by the Administrator before it is considered "acceptable"**. Whenever possible, please contain your plan of correction responses to the form furnished to you. In the event you need additional space, please continue your response on your letterhead or plain stationery, typing in the name of your facility, address and other identifying information.

Should you have questions or if there is any way this office may be of assistance, please do not hesitate to contact me by phone at 731-984-9710 or email Diane.Carter@tn.gov.

Sincerely,



P. Diane Carter, RN, LNCC
Public Health Nurse Consultant 2

PDC/rm

PLAN OF CORRECTION (POC) INDICATORS

1. Addresses the deficient practice, i.e., restate the deficient practice in a positive manner.

Example: Therapeutic diets must be prescribed by the attending physician.

Facility Response: Therapeutic diets WILL be prescribed by the attending physician.

2. Detail how facility will correct deficiency as it relates to the individual(s) i.e., corrective action plan.

3. Describe how facility will identify and act to protect other residents in similar situations.

4. Indicate what measure facility will take or systems it will alter to ensure problem does not recur.

5. Describe how facility will monitor its performance to ensure the deficient practice will not recur, i.e., what quality assurance program will be put into place.

Note: A quality assurance program must be put into place for each deficiency cited to ensure compliance until the facility feels that the QA program is no longer necessary.

Also, please tell who is responsible for monitoring the deficient practice to ensure continued compliance, and how often the deficient practice will be monitored.

6. Time frame for completion is reasonable.

7. Be concise and legible.

PLEASE NOTE: The POC Indicators above apply to ALL deficiencies cited including Fire Safety and Licensure deficiencies.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/31/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 002	<p>416.2 DEFINITIONS</p> <p>As used in this part: Ambulatory surgical center or ASC means any distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and in which the expected duration of services would not exceed 24 hours following an admission. The entity must have an agreement with CMS to participate in Medicare as an ASC, and must meet the conditions set forth in subparts B and C of this part. The ambulatory surgical center must comply with state licensure requirements.</p> <p>This STANDARD is not met as evidenced by: Based on policy review, document review, observation and interview, it was determined the Ambulatory Surgical Center (ASC) failed to operate as a distinct entity.</p> <p>The findings included:</p> <p>1. Review of the facility's "CC-Days and Hours of Operation" policy revealed, "...The facility normal hours of operation will be from 6:30 am-4:00 pm, Monday through Friday..."</p> <p>During an interview in the front office on 1/19/12 at 8:35 AM, when asked what was the operational hours for the physician's clinic, Physician's Clinic Employee #1 stated, "...8 [AM] to 5 [PM] Monday through Friday..."</p> <p>Review of the facility's LIFE SAFETY PLAN physical layout revealed a waiting room and an</p>	Q 002	<p>Q002 416.2</p> <p>How deficiency will be corrected:</p> <p>Franklin Endoscopy Center requests Eleven months from date of notice (12-31-2012) to construct separate waiting room and registration area with 1 hour fire wall. FEC requests time to secure funding from Governing Board, coordinate architects and engineers to develop and implement plan to satisfy this requirement. The interim plan to place a partition to divide FEC waiting area and registrar from physician's clinic waiting area will be completed by 3-04-12. FEC waiting area will have a clear view of the exit and signage that will clearly define the space as FEC waiting area.</p> <p>Measures to ensure deficiency will not recur:</p> <p>Permanent distinct waiting area And registration area for FEC.</p> <p>Date deficiency will be corrected:</p> <p>12-31-2012</p> <p>Monitoring to ensure the deficient practice does not recur:</p> <p>FEC registrar will direct all FEC patients and family to the designated FEC waiting area daily.</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Delores Wood

Administrator

2-9-2012

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the Institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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Q 002	<p>Continued From page 1</p> <p>office area were shared by the ASC and a physician's clinic.</p> <p>Review of signage posted in the hallway outside the entrance to the ASC revealed Suite 210 was designated as the ASC and Suite 210 was also designated as a physician's clinic.</p> <p>2. Observations upon entering the ASC on 1/17/12 at 9:35 AM, revealed an undivided waiting room with multiple chairs and several patients present. On the right side of the waiting room was a window used to register patients for the physician's clinic. Behind this window was an undivided office area (the front office) adjacent to the waiting room with another window on the left side of the office used to register patients for the ASC.</p> <p>Observations in the front office on 1/17/12 at 9:35 AM, revealed Physician's Clinic Employee #1 and ASC Employee #10 were sharing the same undivided front office area. Physician's Clinic Employee #1 was performing clerical work, and the ASC Employee #10 was performing clerical work and registering patients.</p> <p>Observations in the front office on 1/19/12 at 8:35 AM, revealed Physician's Clinic Employee #1 and ASC Employee #11 were sharing the same undivided office area. Physician's Clinic Employee #1 was performing clerical work, and the ASC Employee #11 was performing clerical work and registering patients.</p> <p>3. During an interview in the lounge on 1/17/12 at 10:05 AM, when asked about the ASC sharing the waiting room with a physician's clinic the</p>	Q 002			

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Facility ID: TNP535190

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Q 002	Continued From page 2 Administrator stated, "...we [ASC] share with [name of physician]'s office..." When asked if patients from the ASC share the waiting room with the physician's clinic, the Administrator stated, "...it can happen..." During an interview in the lounge on 1/17/12 at 3:22 PM, the Administrator confirmed that office employees from the ASC and the physician's clinic share the same front office area adjacent to the waiting room at the same time. During an interview in the pre-operative area on 1/18/12, ASC Employee #10 stated she worked in the front office "...Monday through Friday from 6 [AM] to 2:30 [PM]..." When asked about the physician's clinic employee working in the same office, ASC Employee #10 stated, "...[Physician's Clinic Employee #1] works in there [front office] from 8 [AM] to 5 [PM] Monday to Friday..." During an interview in the front office on 1/18/12 at 2:40 PM, when asked what time she worked in the front office for the physician's clinic and what the office area was called, Physician's Clinic Employee #1 stated, "...Monday through Friday from 8 [AM] to 5 [PM]...the front office..." When asked if patients from the ASC and patients from the physician's clinic ever share the waiting room, Physician's Clinic Employee #1 stated, "...yes..."	Q 002			
Q 061	416.42(a)(1) ANESTHETIC RISK AND EVALUATION A physician must examine the patient immediately before surgery to evaluate the risk of anesthesia and of the procedure to be performed. This STANDARD is not met as evidenced by:	Q 061			

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Q 061	<p>Continued From page 3</p> <p>Based on policy review, medical record review, observation and interview, it was determined the facility failed to ensure a pre-operative physical assessment was completed by a physician for 2 of 2 (Patients #24 and 25) sampled patients observed during a procedure.</p> <p>The findings included:</p> <ol style="list-style-type: none"> 1. Review of the facility's Patient Screening Process policy revealed, "...The expectation for all medical staff members in screening patients is based on, in part, indications for procedure, pertinent medical history, the patients present physical status (including heart and lung physical exam)..." 2. Medical record review for Patient #24 documented an admission date of 1/18/12 for a colonoscopy and esophagogastroduodenoscopy. <p>Observations in the pre-operative area on 1/18/12 at 9:50 AM, revealed Physician #2 did not make a pre-operative visit, perform a pre-operative history or perform a physical assessment at any time before the procedure for Patient #24.</p> <ol style="list-style-type: none"> 3. Medical record review for Patient #25 revealed an admission date of 1/18/12 for a colonoscopy. <p>Observations in the pre-operative room on 1/18/12 at 10:18 AM and procedure room on 1/18/12 at 10:30 AM, revealed Physician #2 failed to perform a physical assessment at any time before the procedure.</p> <ol style="list-style-type: none"> 4. During an interview in the lounge on 1/18/12 at 	Q 061	<p>Q061 416.42</p> <p>How deficiency will be corrected:</p> <p>All FEC patients will receive a pre-operative physical assessment as stated in FEC policy (PRE-100 Patient Screening Process). All physicians at FEC will be reeducated by center administrator on regulation 416.42 FEC policy PRE-100 by 2-16-2012 requiring physical assessment and documentation of patient's physical status including heart and lung exam prior to procedure. Education will be reported to MEC and Governing Board on 2-16-2012</p> <p>Measures to ensure deficiencies will not recur:</p> <p>All center staff will be educated by the center Administrator regarding the requirement and instructed not to proceed with the procedure if a comprehensive history and physical is not documented and present on the medical record. Education will be completed by 2-17-2012</p> <p>Date deficiency will be corrected: 2-17-2012</p> <p>Monitoring to ensure the deficient practice does not recur:</p> <p>Center administrator will develop a chart checklist for daily monitoring of compliance by recovery nurse. Center administrator will educate clinical staff by 2-17-2012 on daily chart checks. Administrator will review monthly and review results with Quality Council and Governing Board quarterly. SEE ATTACHMENT</p>		

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000185-

FEC CHART CHECKLIST

FORMS	Yes	N/A	Comments
FEC Consent for Procedure			
Informed Consent			
Anesthesia Consent			
Comprehensive H&P less than 30 days			
Initials of Physician Indicating Patient re-evaluated prior to procedure			
Physicians Orders with Signatures and date			
Pre-procedure Admission Record complete & signed			
Procedure Record complete & signed			
Anesthesia Record/ LOC Complete and signed			
Post-op Record Complete			
EKG strip/ Nurses Notes			
Procedure Report & signed			
Care Plan Complete			
Medication record			
Discharge Instruction signed			
Correct Procedure Validation			
Signatures on all forms			
Race marked on admission			
All forms in the chart are stickered			

COMMENTS: _____

Chart Checked by : _____

Date: _____

Verified Above Marked as Complete by: _____

Date: _____

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Q 061	Continued From page 4 2:16 PM, Physician #2 confirmed he did not perform a pre-operative physical assessment on Patients #24 and 25 and stated, "...Those [Patients #24 and 25] you saw today, I should have done a cardiac and lung exam, but I did not..."	Q 061			
Q 062	416.42(a)(2) ANESTHETIC - DISCHARGE Before discharge from the ASC, each patient must be evaluated by a physician or by an anesthetist as defined at §410.69(b) of this chapter, in accordance with applicable State health and safety laws, standards of practice, and ASC policy, for proper anesthesia recovery. This STANDARD is not met as evidenced by: Based on policy review, medical record review, observation and interview, it was determined the facility failed to ensure a post anesthetic evaluation was complete and documented according to policy for 25 of 25 (Patients #1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25) sampled patients. The findings Included: 1. Review of the facility's "Anesthesia Care Documentation" policy revealed, "...Post-operatively, the anesthesia caregiver will document the admission vital signs, level of consciousness, and pain assessment and give verbal report to the RN [registered nurse] responsible for the patient's care...The anesthesia provider will be responsible for post anesthesia assessments..." 2. Medical record review for Patient #1 revealed	Q 062			

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Q 062	<p>Continued From page 5</p> <p>an admission date of 11/28/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 11/28/11 revealed no pain assessment was documented.</p> <p>3. Medical record review for Patient #2 revealed an admission date of 11/11/11 for a colonoscopy and an esophagogastroduodenoscopy (EGD) procedure. Review of the "ANESTHESIA RECORD" dated 11/11/11 revealed no pain or level of consciousness assessment was documented.</p> <p>4. Medical record review for Patient #3 revealed an admission date of 12/23/11 for a colonoscopy biopsy procedure. Review of the "ANESTHESIA RECORD" dated 12/23/11 revealed no pain assessment was documented.</p> <p>5. Medical record review for Patient #4 revealed an admission date of 9/6/11 for an EGD procedure. Review of the "ANESTHESIA RECORD" dated 9/6/11 revealed no pain assessment or level of consciousness was documented.</p> <p>6. Medical record review for Patient #5 revealed an admission date of 3/29/11 for a colonoscopy and an EGD procedure. Review of the "ANESTHESIA RECORD" dated 3/29/11 revealed no pain assessment was documented.</p> <p>7. Medical record review for Patient #6 revealed an admission date of 11/29/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 11/29/11 revealed no pain assessment was documented.</p>	Q 062	<p>Q062 416.42</p> <p>How deficiency will be corrected: Center administrator will revise FEC Policy AC 107 Anesthesia Care Documentation removing statement 'post operatively anesthesia caregiver will document pain assessment'. Center administrator will review with MEC for approval on 2-16-2012. Center pre-op and recovery nurse will continue to document pain assessment. Center administrator will educate all anesthesia providers on documentation of level of consciousness by 2-17-2012.</p> <p>Measures to ensure deficiencies will not recur: Center Administrator will develop improved 'Anesthesia Record' to define clear pre-operative, inter-operative and post-operative documentation sections. New record will be completed by 3-04-2012. Center administrator will develop a daily chart checklist for daily monitoring by recovery nurse. Documentation of level of consciousness by anesthesia provider will be added to the checklist. Center administrator will educate all clinical staff on checklist by 2-17-2012.</p> <p>Date deficiency will be corrected: 3-04-2012</p> <p>Monitoring to ensure the deficient practice does not recur: Center administrator will add 'documentation of level of consciousness by anesthesia provider' to daily chart checklist. Center administrator will educate clinical staff by 2-17-2012 on daily chart checks. Administrator will review monthly and report results to Quality Council and Governing Board quarterly.</p>		

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Q 062	<p>Continued From page 6</p> <p>8. Medical record review for Patient #7 revealed an admission date of 8/3/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 8/3/11 revealed no pain assessment or level of consciousness was documented.</p> <p>9. Medical record review for Patient #8 revealed an admission date of 1/8/11 for an EGD biopsy procedure. Review of the "ANESTHESIA RECORD" dated 1/8/11 revealed no pain assessment or level of consciousness was documented.</p> <p>10. Medical record review for Patient #9 revealed an admission date of 10/6/11 for a colonoscopy biopsy procedure. Review of the "ANESTHESIA RECORD" dated 10/6/11 revealed no pain assessment was documented.</p> <p>11. Medical record review for Patient #10 revealed an admission date of 4/4/11 for a colonoscopy and an EGD procedure. Review of the "ANESTHESIA RECORD" dated 4/4/11 revealed no pain assessment or level of consciousness was documented.</p> <p>12. Medical record review for Patient #11 revealed an admission date of 11/4/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 11/4/11 revealed no pain assessment or level of consciousness was documented.</p> <p>13. Medical record review for Patient #12 revealed an admission date of 9/26/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 9/26/11</p>	Q 062			

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Q 062	<p>Continued From page 7</p> <p>revealed no pain assessment or level of consciousness was documented.</p> <p>14. Medical record review for Patient #13 revealed an admission date of 7/18/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 7/18/11 revealed no pain assessment or level of consciousness was documented.</p> <p>15. Medical record review for Patient #14 revealed an admission date of 9/9/11 for an EGD procedure. Review of the "ANESTHESIA RECORD" dated 9/9/11 revealed no pain assessment was documented.</p> <p>16. Medical record review for Patient #15 revealed an admission date of 12/14/11 for a colonoscopy and an EGD procedure. Review of the "ANESTHESIA RECORD" dated 12/14/11 revealed no pain assessment or level of consciousness was documented.</p> <p>17. Medical record review for Patient #16 revealed an admission date of 8/1/11 for an EGD procedure. Review of the "ANESTHESIA RECORD" dated 8/1/11 revealed no pain assessment or level of consciousness was documented.</p> <p>18. Medical record review for Patient #17 revealed an admission date of 7/29/11 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 7/29/11 revealed no pain assessment was documented.</p> <p>19. Medical record review for Patient #18 revealed an admission date of 6/7/11 for a</p>	Q 062			

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Q 062	<p>Continued From page 8</p> <p>colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 6/7/11 revealed no pain assessment was documented.</p> <p>20. Medical record review for Patient #19 revealed an admission date of 1/18/11 for an EGD biopsy procedure. Review of the "ANESTHESIA RECORD" dated 1/18/11 revealed no pain assessment or level of consciousness was documented.</p> <p>21. Medical record review for Patient #20 revealed an admission date of 3/28/11 for a colonoscopy and an EGD procedure. Review of the "ANESTHESIA RECORD" dated 3/28/11 revealed no pain assessment or level of consciousness was documented.</p> <p>22. Medical record review for Patient #21 revealed an admission date of 1/13/11 for a colonoscopy biopsy procedure. Review of the "ANESTHESIA RECORD" dated 1/13/11 revealed no pain assessment was documented.</p> <p>23. Medical record review for Patient #22 revealed an admission date of 11/16/10 for an EGD procedure. Review of the "ANESTHESIA RECORD" dated 11/16/10 revealed no pain assessment was documented.</p> <p>24. Medical record review for Patient #23 revealed an admission date of 9/17/09 for a colonoscopy and an upper endoscopy procedure. Review of the "ANESTHESIA RECORD" dated 9/17/09 revealed no pain assessment or level of consciousness was documented.</p> <p>25. Medical record review for Patient #24</p>	Q 062			

FRANKLIN ENDOSCOPY CENTER		Statement No. AC 107
Prepared by ALG	Approved by WB	Title Anesthesia Care Documentation
Date April 2009	Page 1 of 1	

Policy:

Documentation of anesthesia care at the facility is conducted on all patients receiving anesthesia and will be the responsibility of the CRNA caring for the patient.

Procedure:

1. Pre-operatively, an anesthesia assessment will be documented and include the patient's medical history, any current conditions, allergies, current medications, previous anesthetic complications for patient or blood relative, and review of systems.
2. The anesthesia provider will develop an anesthesia plan of care and discuss with the patient and/or guardian.
3. A Consent and Request for Administration of Anesthesia will be obtained from the patient following the patient's consultation with the anesthesia provider and prior to administration of any sedation.
4. Pre-operative lab and history and physical must be reviewed and signed by the anesthesia provider if appropriate.
5. The patient will be immediately reevaluated prior to induction to evaluate the risk of anesthesia and of the procedure to be performed. This will include minimally heart and lungs auscultation and vital signs.
6. Peri-operatively, an anesthesia record will be completed by the anesthesia caregivers during the procedure. This record may include pertinent time recordings including room and procedure times, anesthetic agents and medications administered, airway equipment and supplies used, recording of vital signs including temperature (when appropriate), pulse, respirations, blood pressure, and oxygen saturation, IV fluids administered, estimated blood loss (if any), monitoring equipment used, patient positioning, type of anesthesia, procedure performed, physician, patient weight, pertinent lab values, ASA status, notes/comments, untoward events and post-operative condition. Assessment of the patient is an ongoing peri-operative process. The record also contains signature notations for both the anesthesia provider.
7. **Post-anesthesia care. The anesthesia provider will document the patient's vital signs and level of consciousness and will be responsible for the patient's care.**
8. The anesthesia provider will be responsible for post-anesthesia assessments and orders. Before discharge from the ASC, each patient must be evaluated by a Physician in accordance with applicable State health and safety laws, standards of practice, and ASC policy.
9. Facility anesthesia assessment and anesthesia record forms are attached to this policy.

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Q 062	Continued From page 9 revealed an admission date of 1/18/12 for a colonoscopy and an EGD procedure. Review of the "ANESTHESIA RECORD" dated 1/18/12 revealed no pain assessment or level of consciousness was documented. Observations in the recovery area on 1/18/12 at 11:15 AM, revealed the anesthesia provider failed to perform and document an assessment of pain or level of consciousness for Patient #24. 26. Medical record review for Patient #25 revealed an admission date of 1/18/12 for a colonoscopy procedure. Review of the "ANESTHESIA RECORD" dated 1/18/12 revealed no pain assessment or level of consciousness was documented. Observations in the recovery area on 1/18/12 at 11:43 AM, revealed the anesthesia provider failed to perform and document an assessment of pain or level of consciousness for Patient #25. 27. During an interview in the lounge on 1/17/12 at 2:50 PM, the Administrator confirmed that the post-procedure pain assessment was not documented by the anesthesia provider according to facility policy. During an interview in the lounge on 1/18/12 at 2:05 PM, when asked if the anesthesia provider documented the level of consciousness and pain assessment Certified Registered Nurse Anesthetist #2 stated, "...we don't formally make a note...no..."	Q 062			
Q 100	416.44 ENVIRONMENT The ASC must have a safe and sanitary	Q 100			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 01/31/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001181	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 100	Continued From page 10 environment, properly constructed, equipped, and maintained to protect the health and safety of patients. This CONDITION is not met as evidenced by: Based on document review, policy review, observation and interview, it was determined the Ambulatory Surgery Center (ASC) failed to comply with the requirements governing separation of the facility from other tenants and the construction and maintenance of a safe physical plant providing safety from fire. The findings Included: 1. The ASC failed to operate as a distinct entity separate from other tenants. Refer to Q 002 2. The ASC failed to ensure there was a separation from other tenants and occupancies by fire barriers with at least a 1 hour rated door and wall. National Fire Protection Association (NFPA) 101,21.1.2.1 Refer to Q 104	Q 100	Q100 416.44 How deficiency will be corrected: Franklin Endoscopy Center requests Eleven months from date of notice (12-31-2012) to construct separate waiting room and registration area with 1 hour fire wall. FEC requests time to secure funding from Governing Board, coordinate architects and engineers to dev- elope and implement plan to satisfy this requirement. The interim plan to place a partition to divide FEC waiting area and registrar from physician's clinic waiting area will be completed by 3-04-2012. FEC waiting area will have a clear view of the exit and signage that will clearly define the space as FEC waiting area. Measures to ensure deficiency will not recur: Permanent distinct waiting area and registration area with one hour fire wall for FEC. Signage for FEC waiting area with accurate hours of operation.		
Q 104	416.44(b) SAFETY FROM FIRE (1) Except as otherwise provided in this section, the ASC must meet the provisions applicable to Ambulatory Health Care Centers of the 2000 edition of the Life Safety Code of the National Fire Protection Association, regardless of the number of patients served. The Director of the Office of the Federal Register has approved the NFPA 101® 2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference. In accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for	Q 104	Date deficiency will be corrected: 12-31-2012 Monitoring to ensure the deficient practice does not recur: FEC registrar will direct all FEC patients and family to the designated FEC waiting area daily. Signage will be present designating waiting area for FEC with accurate hours of operation.		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 104	<p>Continued From page 11</p> <p>Inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD and at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to http://www.archives.gov/federalregister/code_of_federal-regulations/lbr_locations.html. Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.</p> <p>(2) In consideration of a recommendation by the State survey agency, CMS may waive, for periods deemed appropriate, specific provisions of the Life Safety Code which, if rigidly applied, would result in unreasonable hardship upon an ASC, but only if the waiver will not adversely affect the health and safety of the patients.</p> <p>(3) The provisions of the Life Safety Code do not apply in a State if CMS finds that a fire and safety code imposed by State law adequately protects patients in an ASC.</p> <p>(4) An ASC must be in compliance with Chapter 21.2.9.1, Emergency Lighting, beginning on March 13, 2006.</p> <p>(5) Notwithstanding any provisions of the 2000 edition of the Life Safety Code to the contrary, an ASC may place alcohol-based hand rub dispensers in its facility if: (i) Use of alcohol-based hand rub dispensers does not conflict with any State or local codes that</p>	Q 104	<p>Q104 416.44</p> <p>How deficiency will be corrected:</p> <p>Franklin Endoscopy Center requests Eleven months from date of notice (12-31-2012) to construct separate waiting room and registration area with 1 hour fire wall. FEC requests time to secure funding from Governing Board, coordinate architects and engineers to develop and implement plan to satisfy this requirement. The interim plan to place a partition to divide FEC waiting area and registrar from physician's clinic waiting area will be completed by 3-04-2012. FEC waiting area will have a clear view of the exit and signage that will clearly define the space as FEC waiting area. Post construction new signage will be placed at entrance of FEC waiting room designating this area for FEC waiting only with accurate Hours of operation for FEC.</p> <p>Measures to ensure deficiency will not recur:</p> <p>Permanent distinct waiting area and registration area with one hour fire wall for FEC. Accurate signage for FEC waiting area with accurate hours of operation will be verified by Center administrator by 12-31-2012.</p>		

FORM CMS-2567(02-99) Previous Versions Obsolete

Event ID: K9MP11

Facility ID: TNP535190

If continuation sheet Page 12 of 17

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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 104	Continued From page 12 prohibit or otherwise restrict the placement of alcohol-based hand rub dispensers in health care facilities; (ii) The dispensers are installed in a manner that minimizes leaks and spills that could lead to falls; (iii) The dispensers are installed in a manner that adequately protects against inappropriate access; and (iv) The dispensers are installed in accordance with the following provisions: (A) Where dispensers are installed in a corridor, the corridor shall have a minimum width of 6 ft (1.8m); (B) The maximum individual dispenser fluid capacity shall be: (1) 0.3 gallons (1.2 liters) for dispensers in rooms, corridors, and areas open to corridors (2) 0.5 gallons (2.0 liters) for dispensers in suites of rooms (C) The dispensers shall have a minimum horizontal spacing of 4 feet (1.2m) from each other; (D) Not more than an aggregate of 10 gallons (37.8 liters) of ABHR solution shall be in use in a single smoke compartment outside of a storage cabinet; (E) Storage of quantities greater than 5 gallons (18.9 liters) in a single smoke compartment shall meet the requirements of NFPA 30, Flammable and Combustible Liquids Code; (F) The dispensers shall not be installed over or directly adjacent to an ignition source; (G) In locations with carpeted floor coverings, dispensers installed directly over carpeted surfaces shall be permitted only in sprinklered smoke compartments; and	Q 104	Date deficiency will be corrected: 12-31-2012 Monitoring to ensure the deficient practice does not recur: Permanent distinct waiting area and registration area for FEC with one hour fire wall will be approved by safety inspector by 12-31-2012. Permanent signage for FEC waiting area with accurate hours of operation will be present by 12-31-2012.		

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE	
Q 104	<p>Continued From page 13</p> <p>(v) The dispensers are maintained in accordance with dispenser manufacturer guidelines.</p> <p>This STANDARD is not met as evidenced by: Based on document review, observation and interview, it was determined the facility failed to separate the ambulatory health care occupancy from the other tenants with a 1 hour fire barrier wall.</p> <p>The findings included:</p> <p>1. Signage posted in the hallway outside the entrance to the ASC revealed Suite 210 was designated as the ASC and as a physician's clinic.</p> <p>The facility's Days and Hours of Operation policy documented the facility's normal hours of operation were from 6:30 AM to 4:00 PM Monday through Friday.</p> <p>During an interview on 1/19/12 at 8:35 AM, Physician's Clinic Employee #1 stated the operational hours for the physician's clinic was 8 AM to 5 PM Monday through Friday.</p> <p>The facility's LIFE SAFETY PLAN physical layout revealed a waiting room and an office area were shared by the ASC and a physician's clinic.</p> <p>2. Observations on 1/17/12 at 9:35 AM, revealed an undivided waiting room with multiple chairs</p>	Q 104			

FORM CMS-2567(02-99) Previous Versions Obsolete

Event ID: K0MP11

Facility ID: TNP636190

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 104	<p>Continued From page 14</p> <p>and several patients present. On the right side of the waiting room was a window used to register patients for the physician's clinic. Behind this window was an undivided office area (the front office) adjacent to the waiting room with another window on the left side of the office used to register patients for the ASC.</p> <p>Observations on 1/17/12 at 9:35 AM, revealed Physician's Clinic Employee #1 and ASC Employee #10 were sharing the same undivided front office area.</p> <p>Observation of the waiting room and reception area on 1/18/12 at 10:30 AM, revealed the area was not separated with a 1 hour fire barrier wall from other tenants.</p> <p>Observations on 1/19/12 at 8:35 AM, revealed Physician's Clinic Employee #1 and ASC Employee #11 were sharing the same undivided office area.</p> <p>3. During an interview in the lounge on 1/17/12 at 10:05 AM, when asked about the ASC sharing the waiting room with a physician's clinic the Administrator stated, "...we [ASC] share with [name of physician]'s office..." When asked if patients from the ASC share the waiting room with the physician's clinic, the Administrator stated, "...it can happen..." At 3:22 PM, the Administrator confirmed that office employees from the ASC and the physician's clinic share the same front office area adjacent to the waiting room at the same time.</p> <p>During an interview in the pre-operative area on 1/18/12, ASC Employee #10 stated she worked in</p>	Q 104			

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NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 104	Continued From page 15 the front office "...Monday through Friday from 6 [AM] to 2:30 [PM]..." When asked about the physician's clinic employee working in the same office; ASC Employee #10 stated, "...[Physician's Clinic Employee #1] works in there [front office] from 8 [AM] to 5 [PM] Monday to Friday..." During an interview in the front office on 1/18/12 at 2:40 PM, when asked what time she worked in the front office for the physician's clinic and what the office area was called, Physician's Clinic Employee #1 stated, "...Monday through Friday from 8 [AM] to 5 [PM]...the front office..." When asked if patients from the ASC and patients from the physician's clinic ever share the waiting room, Physician's Clinic Employee #1 stated, "...yes..." This finding was acknowledged by the administrator during the exit conference on 1/18/12.	Q 104			
Q 261	416.52(a)(1) ADMISSION ASSESSMENT Not more than 30 days before the date of the scheduled surgery, each patient must have a comprehensive medical history and physical assessment completed by a physician (as defined in section 1861(r) of the Act) or other qualified practitioner in accordance with applicable State health and safety laws, standards or practice, and ASC policy. This STANDARD is not met as evidenced by: Based on medical record review and interview, it was determined the facility failed to ensure a comprehensive history and physical (H&P) assessment was completed within 30 days of a scheduled surgery for 2 of 25 (Patients #2 and	Q 261			

FORM CMS-2567(02-99) Previous Versions Obsolete

Event ID: K9MP11

Facility ID: TNP535190

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001161	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37087		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
Q 261	<p>Continued From page 16</p> <p>24) sampled patients.</p> <p>The findings included:</p> <p>1. Medical record review for Patient #2 revealed on admission date of 11/11/11 with an admitting diagnosis of a Screening colonoscopy. There was no documentation of a comprehensive H&P examination performed by the physician or a qualified practitioner present in the record.</p> <p>During an interview in the lounge on 1/18/12 at 2:45 PM, when asked to find the H&P in the medical record for Patient #2, the Administrator stated, "I don't see one."</p> <p>2. Medical record review for Patient #24 revealed an admission date of 1/18/12 with an admitting diagnosis of Gastroesophageal Reflux Disease and History of Polyps. The H&P was dated 1/6/10.</p> <p>During an interview in the lounge on 1/18/12 at 1:57 PM, Nurse #4 confirmed the last H&P was dated 1/6/10.</p>	Q 261	<p>Q261 416.52</p> <p>How deficiency will be corrected:</p> <p>All FEC patients will receive a pre-operative physical assessment as stated in FEC policy (PRE-100 Patient Screening Process). All physicians at FEC will be reeducated by center administrator on regulation 416.42 FEC policy PRE-100 by 2-16-2012 requiring physical assessment and documentation of patient's physical status including heart and lung exam prior to procedure. Education will be reported to MEC and Governing Board on 2-16-2012</p> <p>Measures to ensure deficiencies will not recur:</p> <p>All center staff will be educated by the center Administrator regarding the requirement and instructed not to proceed with the procedure if a comprehensive history and physical is not documented and present on the medical record. Education will be completed by 2-17-2012</p> <p>Date deficiency will be corrected: 2-17-2012</p> <p>Monitoring to ensure the deficient practice does not recur:</p> <p>Center administrator will develop a chart checklist for daily monitoring of compliance by recovery nurse. Center administrator will educate clinical staff by 2-17-2012 on daily chart checks. Administrator will review monthly and review results with Quality Council and Governing Board quarterly.</p>		

FRANKLIN ENDOSCOPY CENTER		Statement No. AC 107
Prepared by ALG	Approved by WB	Title Anesthesia Care Documentation
Date April 2009	Page 1 of 1	

Policy:

Documentation of anesthesia care at the facility is conducted on all patients receiving anesthesia and will be the responsibility of the CRNA caring for the patient.

Procedure:

1. Pre-operatively, an anesthesia assessment will be documented and include the patient's medical history, any current conditions, allergies, current medications, previous anesthetic complications for patient or blood relative, and review of systems.
2. The anesthesia provider will develop an anesthesia plan of care and discuss with the patient and/or guardian.
3. A Consent and Request for Administration of Anesthesia will be obtained from the patient following the patient's consultation with the anesthesia provider and prior to administration of any sedation.
4. Pre-operative lab and history and physical must be reviewed and signed by the anesthesia provider if appropriate.
5. The patient will be immediately reevaluated prior to induction to evaluate the risk of anesthesia and of the procedure to be performed. This will include minimally heart and lungs auscultation and vital signs.
6. Peri-operatively, an anesthesia record will be completed by the anesthesia caregivers during the procedure. This record may include pertinent time recordings including room and procedure times, anesthetic agents and medications administered, airway equipment and supplies used, recording of vital signs including temperature (when appropriate), pulse, respirations, blood pressure, and oxygen saturation, IV fluids administered, estimated blood loss (if any), monitoring equipment used, patient positioning, type of anesthesia, procedure performed, physician, patient weight, pertinent lab values, ASA status, notes/comments, untoward events and post-operative condition. Assessment of the patient is an ongoing peri-operative process. The record also contains signature notations for both the anesthesia provider.
7. Post-operatively, the anesthesia provider will document the admission vital signs and level of consciousness and give verbal report to the RN responsible for the patient's care.
8. The anesthesia provider will be responsible for post-anesthesia assessments and orders. Before discharge from the ASC, each patient must be evaluated by a Physician in accordance with applicable State health and safety laws, standards of practice, and ASC policy.
9. Facility anesthesia assessment and anesthesia record forms are attached to this policy.

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001181	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - FRANKLIN ENDOSCOPY CI B. WING _____	(X3) DATE SURVEY COMPLETED 01/19/2012
NAME OF PROVIDER OR SUPPLIER FRANKLIN ENDOSCOPY CENTER, LLC			STREET ADDRESS, CITY, STATE, ZIP CODE 740 COOL SPRINGS BLVD, 210B FRANKLIN, TN 37067	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE
K 114	<p>416.44(b)(1) LIFE SAFETY CODE STANDARD</p> <p>Ambulatory health care occupancies are separated from other tenants and occupancies by fire barriers with at least a 1 hour fire resistance rating. Doors in such barriers are solid bonded core wood of 1 1/4 inches or equivalent and are equipped with a positive latch and closing device. Vision panels, if provided in fire barriers or doors are fixed fire window assemblies in accordance with 8.2.3.2.2</p> <p>This STANDARD is not met as evidenced by: Based on observations, it was determined the facility failed to separate the ambulatory health care occupancy from the other tenants with a 1 hour fire barrier wall.</p> <p>The findings included:</p> <p>Observation of the waiting room and reception area on 1/18/12 at 10:30 AM, revealed the area was not separated with a 1 hour fire barrier wall from other tenants.</p> <p>This finding was acknowledged by the administrator during the exit conference on 1/18/12.</p>	K 114	<p>K114 416.44</p> <p>How deficiency will be corrected:</p> <p>Franklin Endoscopy Center requests Eleven months from date of notice (12-31-2012) to construct separate waiting room and registration area with 1 hour fire wall. All doors added will be solid bonded core wood of 1 1/4 inch or equivalent and equipped with a positive latch and closing device. FEC requests time to secure funding from Governing Board, coordinate architects and engineers to develop and implement plan to satisfy this requirement. The interim plan to place a partition to divide FEC waiting area and registrar from physician's clinic waiting area will be completed by 3-04-12. FEC waiting area will have a clear view of the exit and signage that will clearly define the space as FEC waiting area.</p> <p>Measures to ensure deficiency will not recur:</p> <p>Permanent distinct waiting area And registration area for FEC.</p> <p>Date deficiency will be corrected:</p> <p>12-31-2012</p> <p>Monitoring to ensure the deficient practice does not recur:</p> <p>FEC registrar will direct all FEC patients and family to the designated FEC waiting area daily.</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Attachment C
Contribution to the Orderly Development of Health Care - 7.(b)

Accreditation



Accreditation Quality Report

- > Summary of Accreditation Quality Information
- > Accredited Programs
- > Accreditation National Patient Safety Goals
- > Sites and Services
- > Accreditation History
- > Download Accreditation PDF Report
- > Accreditation Quality Report User Guide

Symbol Key

- The organization has met the National Patient Safety Goal.
- The organization has not met the National Patient Safety Goal.
- The goal is not applicable for this organization.

Quality Report

Summary of Accreditation Quality Information



Franklin Endoscopy Center

Org ID: 406581
740 Cool Springs Boulevard, Suite 210
Franklin, TN 37067
(615)550-6066

Accreditation Programs	Accreditation Decision	Effective Date	Last Full Survey Date	Last On-Site Survey Date
Office Based Surgery	Accredited	9/18/2010	9/17/2010	9/17/2010

- Top -

National Patient Safety Goals and National Quality Improvement Goals

Compared to other Joint Commission Accredited Organizations

		Nationwide	Statewide
Office Based Surgery	2010 National Patient Safety Goals		*

* State results are not calculated for the National Patient Safety Goals.

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Sites and Services

* Primary Location

An organization may provide services not listed here. For more information refer to the [Quality Report User Guide](#).

Locations of Care

Franklin Endoscopy Center *
740 Cool Springs Boulevard,
Suite 210B
Franklin, TN 37067

Available Services

- Gastroenterology Procedures (Outpatient)

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The Joint Commission obtains information about accredited/certified organizations not only through direct observations by its employees [...Read more.](#)

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Attachment D

Copy of Published Public Notice

Public Notices

0101587155
NOTIFICATION OF INTENT TO APPLY FOR A
CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601, et seq., and the Rules of the Health Services and Development Agency, that Franklin Endoscopy Center (a Member of the Saint Thomas Surgery Center Network), an existing Ambulatory Surgical Treatment Center (ASTC), owned by Franklin Endoscopy Center, LLC with an ownership type of limited liability company and to be managed by United Surgical Partners International, Inc., intends to file an application for a Certificate of Need for the relocation of the existing ASTC with two (2) surgical procedure suites for endoscopic procedures performed by the center's staff and the addition of two (2) multispecialty outpatient surgery operating rooms and related support space for use by a property credentialed open medical staff, thus converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. Construction of approximately 10,000 square feet of space in a new medical office building will be required. The existing facility is located at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County). The proposed facility will be located at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County). The total cost of the project is estimated to be \$7,420,105.

The anticipated date of filing the application is September 14, 2012. The contact person for this project is Robert Limyarsky, Partner, who may be reached at The Strategy House, Inc., 71 Victory Street, Roswell, GA 30075, 770-394-8465. Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Continued from last column

0101587002
Genesis Career College (located at 30 Rachel Drive and 933 Church Street in Nashville, TN) is applying for reaffirmation of accreditation with the Commission of the Council on Occupational Education. Persons wishing to make comments should write to the Executive Director of the Commission, Council on Occupational Education, 7840 Roswell Road, Bldg. 300, Suite 325, Atlanta, GA 30350. Persons making comments must provide their names and mailing addresses.

0101586866
SUBSTITUTE
TRUSTEE'S SALE

Sale at public auction will be on October 24, 2012 at 10:00AM local time, at the Davidson County Courthouse, South Main door. One Public Square, Nashville, Tennessee, conducted by Shapiro & Kirsch, LLP Substitute Trustee, pursuant to Deed of Trust executed by Sarah Tolbert, an unmarried woman, to Peter C. Ensign, Attorney at Law, Trustee, on December 21, 2006 at Instrument No. 20061228-0159949; all of record in the Davidson County Register's Office. Bank, FSB

The following real estate located in Davidson County, Tennessee, will be sold to the highest call bidder to satisfy all unpaid taxes, liens and encumbrances of record: Described property

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Current Owner(s) of Property: Sarah Tolbert, an unmarried woman, and George Claybrooks and wife, Tamara Claybrooks as joint tenants with right of survivorship. Other parties: Wells Fargo Bank, NA, MRC Receivables, Inc. c/o Bryan E. Hosto, P.L.L.C., Mortgage Electronic Registration Systems, Inc., American Mortgage Network, Inc., Beneficial Tennessee Inc. c/o Finkelstein, Kern, Steinberg and Cunningham, Attorneys and Preferred Property Management, LLC as managing agent of Brookview Homeowners Association, Inc. c/o Arthur K. Lowen, Attorney at Law

The street address of the above described property is believed to be 3249 Woodpoint Drive, Nashville, Tennessee 37207, but such address is not part of

Continued from last column

the legal description of the property sold herein and in the event of any discrepancy, the legal description referenced herein shall control. SALE IS SUBJECT TO TENANT(S) RIGHTS IN POSSESSION. If applicable, the notice requirements of T.C.A. 35-5-117 have been met.

All right of equity of redemption, statutory and otherwise, shall be deemed waived in favor of the Substituted Trustee. The highest bidder cannot pay the bid within twenty-four (24) hours of the sale, the next highest bidder, at their deemed the successful bidder. This property is being sold with the existing reservation of press reservation that the sale is subject to confirmation by the lender or trustee. This sale may be rescinded at any time. Shapiro & Kirsch, LLP Substitute Trustee www.kirschattorney.com

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service directory

Advertise in the Service Directory
Call (615) 242-7253 for details.

services

Other Services CONSIGNMENTS WANTED Antiques, Collectibles, Furniture, Estates, Dale's Country Auction Every Fri-Sat, 9am-6pm 615-562-6466 or 877-655-9240	Home Improvement Daily Home Improvement All Your Home Improvement Needs Drywall, Painting, Electrical, Plumbing, Fences, Decks, Kitchen, Bath, etc. All types of tile work 615-506-1305	Lawn Care/Landscaping/Filling COOK'S LANDSCAPE SERVICE & LANDSCAPING Landscape Design, Aerate & Power Seed, Mowing, Hedge trim, Grading, Sod, Tilling, Beds Mulched, Tree Svc, Retaining Walls Licensed/Bonded/Insured * 615-415-5727 * Credit Cards Accepted	Paving ASPHALT PAVING DRIVES, PARKING LOTS M & S PAVING seal coating/free est. 615-768-1154
Personal Services Legal Services D-J-V-O-R-C-E \$50 Down Both Sign 615-244-9599 BANKRUPTCY Stop Creditor Calls Installment Plans \$100 Down-Debt Relief Agency Over 30 Years Exp. Walker & Herwin Attorneys	Home Improvement Handyman HANDYMAN SERVICES Painting, Carpentry, Drywall, Decks, Flooring, Plumbing, Electrical, Home Repairs, Remodeling 615-474-8959 willaghandyman.com	Lawn Care/Landscaping/Filling ANTONIO'S BUSH TRIMMING & MULCH Cleaning, Mowing, Brush & Tree Trims, Lawn Care 615-495-2792	The Tennessee Classifieds Help more people find great deals on hot new wheels they can depend on. And for that matter, the Classifieds can even help you find a new driveway to park it in, and a better way to make the payments a breeze. Find what you want. Every day. cars.com for great deals Call 242-SALE to place your ad

advertising sales representative.

SUPPLEMENTAL

Tab 12

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SUPPLEMENTAL
 **COPY**

2012 SEP 27 AM 10: 20

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

September 27, 2012

Via Hand Delivery

Philip M. Wells, FACHE
Health Planner III
Health Services and Development Agency
500 Deaderick St - Suite 850
Nashville, TN 37243

RE: Certificate of Need Application CN1209-046
Franklin Endoscopy Center Relocation & Expansion

Dear Mr. Wells:

Thank you for your letter of September 21, 2012. Supplemental responses are provided in triplicate, with an affidavit of certification.

1. Section A. Applicant Profile (Item 6) (Legal Interest in the Site)

Your response is noted. Please provide a fully executed (signed by both parties) Lease or Option to Lease for the remaining space proposed in the project which demonstrates the applicant has a legitimate legal interest in the property on which to locate the project. A fully executed Option to Lease must be in place at the time the Agency hears to your application and include at least the expected term of the lease and the anticipated lease payments.

Response: A fully executed (signed by the property owner/landlord and the prospective tenant) proposed lease agreement is provided in **Attachment A**. A summary of the terms agreed to by both parties in this document are as follows:

- Initial 10 year term with the option to renew twice for 5 years each
- 11,410 rentable square feet (including lobbies and other common area allocations)
- Initial rental rate of \$23.00 per rentable square foot
- Initial operating expense of \$9.00 per rentable square foot
- Tenant build-out allowance of \$460,000
- Delivery of the base building shell (new construction) within 8 months of the signing of the final lease document – well within the timeframe for Agency review and decision

Please note that the building has been permitted, but has not yet been constructed.

2. Section B, (Project Description) Item III Plot Plan

As required for all projects, a Plot Plan must provide the size of the site (in acres), and the names of streets, roads, highways that cross or border the site. The plot plan's rectangular shape of the building structure does not match the square shape of the floor plan. Please provide a new Plot Plan with all the required information.

Response: According to the property owner/landlord, the size of the site is 1.8 acres. The overall shape of the proposed three-story building is square. However, the first floor is only half the size of the second and third floors to provide a covered drive through and parking area. In other words, the remainders of the second and third floors overhang the drive through and parking area adjacent to the first floor.

The site itself does not immediately front, cross or border any streets, roads or highways. Rather, the site is adjacent to an existing hotel and sits back from Carothers Parkway. The site is accessed from between two retail center buildings which immediately front Carothers Parkway.

Additional site (plot) and floor plans depicting the building and its location are provided in **Attachment B**.

3. Section B, (Project Description) Item IV (Floor Plan)

A) The floor plan show's stairwells and elevator lobby with the number 301 on the drawing. Does this mean the proposed facility is on the third floor? Typically, the applications submitted to the Agency for ambulatory surgical treatment centers, the ASTC is located on the ground floor of the building for ease and convenience of patients' arriving and departing. Please discuss the applicant's rationale for locating the ASTC on the third floor.

Response: Yes, the proposed facility is on the third (top) floor. To provide a covered drive through and parking for the building (described above), the first floor contains only approximately 5,000 useable square feet of space. This is approximately half the useable square footage of either the second or third floors and is not nearly large enough to accommodate the space needs of the ASTC.

It is not uncommon for patients to access a medical office building or ASTC via an elevator. In fact, the Agency approved a second floor location for the existing site for Franklin Endoscopy Center. This second floor location has not proven to be a barrier to patient care or other hindrance. Since patients leaving an ASTC will depart by wheelchair anyway, using an elevator is not a limiting factor or inconvenience.

B) In surgery center facility planning, contingencies must be planned in order to address emergencies. Is the elevator in close proximity to the surgical suites in case a patient must be transferred to the hospital? Is the single elevator of sufficient size to hold a gurney and two – three attendants for that transport?

Response: Yes, the elevator is in close proximity to the surgical suites in case a patient must be transferred to a hospital. Given that the third floor contains approximately 10,000 useable square feet and is arranged in a basic square, each edge of the square is only 100 feet long. Further, given that the elevator is in the building's central core, no space is farther than 100 feet from the elevator even when hallways are considered. This also applies to patient recovery bays where other complications may arise.

As this building is designed for medical occupancy, the single elevator will be of sufficient size to hold a gurney and two – three attendants for patient transport.

4. Section C, Need Item 1 (Specific Criteria –ASTC) Item 7 and Section C, Item 6 (Applicant's Projected Utilization).

On page 23, Exhibit 6 shows the endoscopy utilization for 2013, while the project's opening is not expected until February 2014. Please clarify whether the applicant wishes to portray that 2013 projections are to be considered to be used for 2014 and the other years are to be moved up a year as well, or is the applicant saying the average of 2013 and 2014 are being used as the projection for Year 1 of the Projected Data Chart?

Response: The average of 2013 and 2014 are being used as the projection for Year 1 of the Projected Data Chart. As the Agency is aware, the original site location proposed by Franklin Endoscopy Center in project CN1207-035 eventually proved to be unworkable and that application was withdrawn. This application requires time for the construction of the landlord's base building shell. Therefore, the opening of the new Franklin Endoscopy Center location will be delayed seven months, which is not an appropriate reason to justify an increase in patient volume above the original projections.

5. Section C, Need Item 5 (Utilization of Other ASTC in the Service Area)

Your response is noted. Rather than provide the utilization in procedures, please provide the utilization Tables in Tab 11 to cases.

Response: Page 153 has been revised for cases (or patients). Pages 154-156 already provide both patient and procedure data. A revised page 153 is provided in **Attachment C**.

Even with a higher standard of **800 cases (or patients)** per procedure room, Franklin Endoscopy Center operated at 162% capacity in 2009, 204% capacity in 2010 and 158% capacity in 2011. Clearly, Franklin Endoscopy Center has demonstrated its ability to operate well above State standards for endoscopic procedures alone, whether based on procedures or cases (patients).

Similarly, for the same period of time, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare averaged 124% - 134%

capacity including procedure rooms and 141% - 153% capacity excluding procedure rooms. Redirecting existing outpatient surgery patients from these three ASTCs to Franklin Endoscopy Center will have the desired effect of decompressing patient volume in Nashville without adversely impacting on-going operational efficiencies.

This capacity trend data was reported in the original CON application at **Attachment C, Need – 1 (Tab 11)**. Saint Thomas Surgery Center Network facilities have a history of performing more than 800 operations and/or procedures per year per operating room and/or procedure room and should be expected to do so in the future.

In fact, from 2009 to 2011, of the larger ASTC providers in Williamson and Davidson Counties offering similar services to those proposed here, very few operated below 100% capacity with or without procedure rooms, based on cases (or patients).

Even considering every one of the 34 - 35 ASTCs in Williamson and Davidson Counties from 2009 to 2011, aggregate utilization always exceeded 100% capacity whether including or excluding procedure rooms, whether comparing cases (or patients) or procedures. In conclusion, area providers are very highly utilized regardless of the approach used to measure capacity. As documented previously, service area population growth will continue to support high ASTC utilization. ASTC JAR summaries for Williamson and Davidson Counties were reported in the original CON application at **Attachment C, Need – 1 (Tab 11)**.

6. Section C. Need Item 6 (Projected Utilization)

A) The applicant has provided the projected cases and procedures. Please provide projections of the anticipated time used during the first year of operation in the chart below:

	No. of Rooms	Cases	Cases/ Room	(Total) Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Rooms	2	1,069	535	64,140 (@ 60)	16,035 (@ 15)	270,000	29.7%
(Endoscopy) Procedure Rooms	2	2,928	1,464	87,840 (@30)	29,280 (@ 10)	270,000	43.4%
Total ASTC	2	3,997	1,998	151,980	45,315	540,000	36.5%

* defined as the summation of the minutes by each room available for scheduled cases
Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day
X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

Response: First year projections are presented in the chart above, as requested.

B) It appears as though the GI procedures will be the dominant specialty which will be utilizing the procedure rooms. Since Pain Management is also most often performed in procedure rooms, where does the applicant anticipate these types of procedures will be performed?

Response: Procedure rooms are anticipated to be used by the specialties of Anesthesiology, GI (Gastroenterology) and Pain Management. Projections for these specialties were used for the procedure room projections in the table above.

7. Section C. Economic Feasibility Item 1

A) The following definition regarding major leased, loan of gifted capital expenditures cost in Tennessee Health Services and Development Agency Rule 0720-9-.01 (4) (c) states "In calculating the value of a lease, the 'cost' is the fair market value of the lease is the fair market value of the lease or the amount of the lease payment, whichever is greater. Please provide documentation of the Fair Market Value (FMV) of the building. Please provide your calculation of the Fair Market Value (FMV) of the space being leased. Please also provide your calculation of sum of the lease payments over the term of the lease.

Response: The space lease for this surgery center project is valued over the 10-year initial term as follows. Base rent and operating expenses (CAM, or common area maintenance) are increased 3% per year. A \$460,000 tenant improvement allowance paid by the landlord to the tenant is an offset to rent. FMV of the lease payments, negotiated at arm's length, is \$319.52 per square foot.

Sum of Lease Payments Method

	<u>Base Rent</u>	<u>CAM</u>	<u>Total</u>
	\$23.00	\$9.00	
RSF:	11,410	11,410	
Escalation:	3%	3%	
<u>Year</u>			
1	262,430	102,690	
2	262,430	105,771	
3	270,303	108,944	
4	278,412	112,212	
5	286,764	115,578	
6	295,367	119,046	
7	304,228	122,617	
8	313,355	126,296	
9	322,756	130,085	
10	<u>332,438</u>	<u>133,987</u>	
	2,928,484	1,177,226	4,105,710
Less TI			<u>460,000</u>
			3,645,710
		per sf	319.52

As indicated on the Project Costs Chart on page 37 of the CON application, the applicant also will incur construction costs of \$1,652,400 and related architectural and engineering fees of \$140,454 (\$1,792,854 total). This amounts to an additional \$157.13 per rentable square foot, for a total of \$476.65 per rentable square foot for net lease payments and tenant build-out costs.

As the building itself to house this project has not yet been constructed, there does not currently exist a FMV for the building or a FMV of the space being leased in this building. The building has been permitted but has not yet been constructed.

Based on recent experience by Saint Thomas Health (Premier Radiology Edmondson Pike, CN1203-014A, approved June 27, 2012) and in the same primary service area of Franklin Endoscopy Center, it is believed that this lease payment approach for Franklin Endoscopy Center is the greater fair market value approach. Based on building and land costs for the Premier Radiology Edmondson Pike project, FMV of this arms-length transaction is \$480 per square foot (\$950,000 for land, \$1,605,150 for construction, 5,320 square feet). While this \$480 is essentially the same amount as the \$477 calculated above, the Premier Radiology Edmondson Pike site is a high-traffic, highly desirable, former fast food location at an interstate highway intersection versus a lower traffic, less visible parcel behind retail frontage space along a non-interstate, non-highway roadway.

8. Section C. Economic Feasibility Item 2

Please provide appropriate documentation (letter) of funding for the proposed project from the Chief Financial Officer of parent organization which is providing the funding. The letter should indicate the cost of the proposed project and the source(s) from where the funds will come.

Response: The applicant has secured a letter of funding from First Tennessee Bank for \$3.9 million (other terms included), which exceeds the cash cost for this project (total project cost of \$7,420,105 less FMV lease of \$3,645,710). While USPI has funds available for this project, the source of funds table on page 38 of the application has been updated to reflect a commercial loan. Please refer to **Attachment D**.

9. Section C. Economic Feasibility 6B (Charge Comparisons)

Your response is noted. The comparative charges are all for multi-specialty ASTCs. Please provide comparative charges for several other single specialty GI Endoscopy ASTCs in the service area and/or surrounding counties.

Response: Please refer to the table below for a comparison of charges with endoscopy centers in Davidson County.

2012 SEP 27 AM 10: 20

Area (Davidson County) Endoscopy Facilities
Charge per Procedure, 2011

Facility	Charge per Procedure	
	Gross	Net
Digestive Disease Endoscopy Center	\$3,789	\$728
Nashville Endoscopy Center	\$2,757	\$666
Southern Endoscopy Center	\$4,884	\$1,216
Mid-State Endoscopy Center	\$2,066	\$465
Associated Endoscopy	\$3,886	\$975
American Endoscopy Center	\$3,944	\$979

Source: TN Joint Annual Reports

10. Section C., Contribution to Orderly Development 4 -ASTC

A) Anesthesia Coverage: Please document the availability of an anesthesiologist for the proposed project and the anesthesiologist (s) acceptance of the Medicare and TennCare plans that the applicant accepts.

Response: Please refer to **Attachment E**.

B) Emergency Transfer Arrangements:

1) To which hospital(s) will the patients will be transferred in an emergency?

Response: Please refer to the current transfer agreement with Williamson Medical Center in **Attachment F**.

2) Which hospitals do the surgeons using the facility have admitting privileges?

Response: The surgeons using the facility have admitting privileges variously and primarily at Williamson Medical Center, Saint Thomas Hospital and Baptist Hospital.

11. Section C., Contribution to Orderly Development, Item 7

Please provide a copy of the applicant facility's most recent Licensure Certificate from the Tennessee Department of Health.

Response: Please refer to **Attachment G**.

Philip M. Wells, FACHE
CN1209-046, Supplemental Response

August 27, 2012
Page 8

An affidavit from the applicant certifying the supplemental information is provided in **Attachment H**.

Thank you for your assistance with this process. We look forward to the start of the review cycle in October.

Warm regards,

THE STRATEGY HOUSE, INC.

A handwritten signature in black ink, appearing to read 'R. Limyansky', with a horizontal line extending from the end of the signature.

Robert M. Limyansky
Partner

attachments

List of Attachments

Attachment A – Executed Lease Proposal

Attachment B – Plot Plans & Floor Plans

Attachment C – Revised Page 153

Attachment D – Funding Letter

Attachment E – Anesthesiology Coverage

Attachment F – Transfer Agreement

Attachment G – Licensure Certificate

Attachment H – Applicant Affidavit

Attachment B
Plot Plans & Floor Plans

9160 MEDICAL BUILDING

9160 CAROTHERS PARKWAY

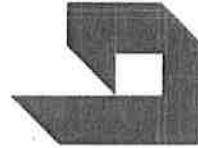
FRANKLIN

TENNESSEE



RANDALL DOVER
ARCHITECT

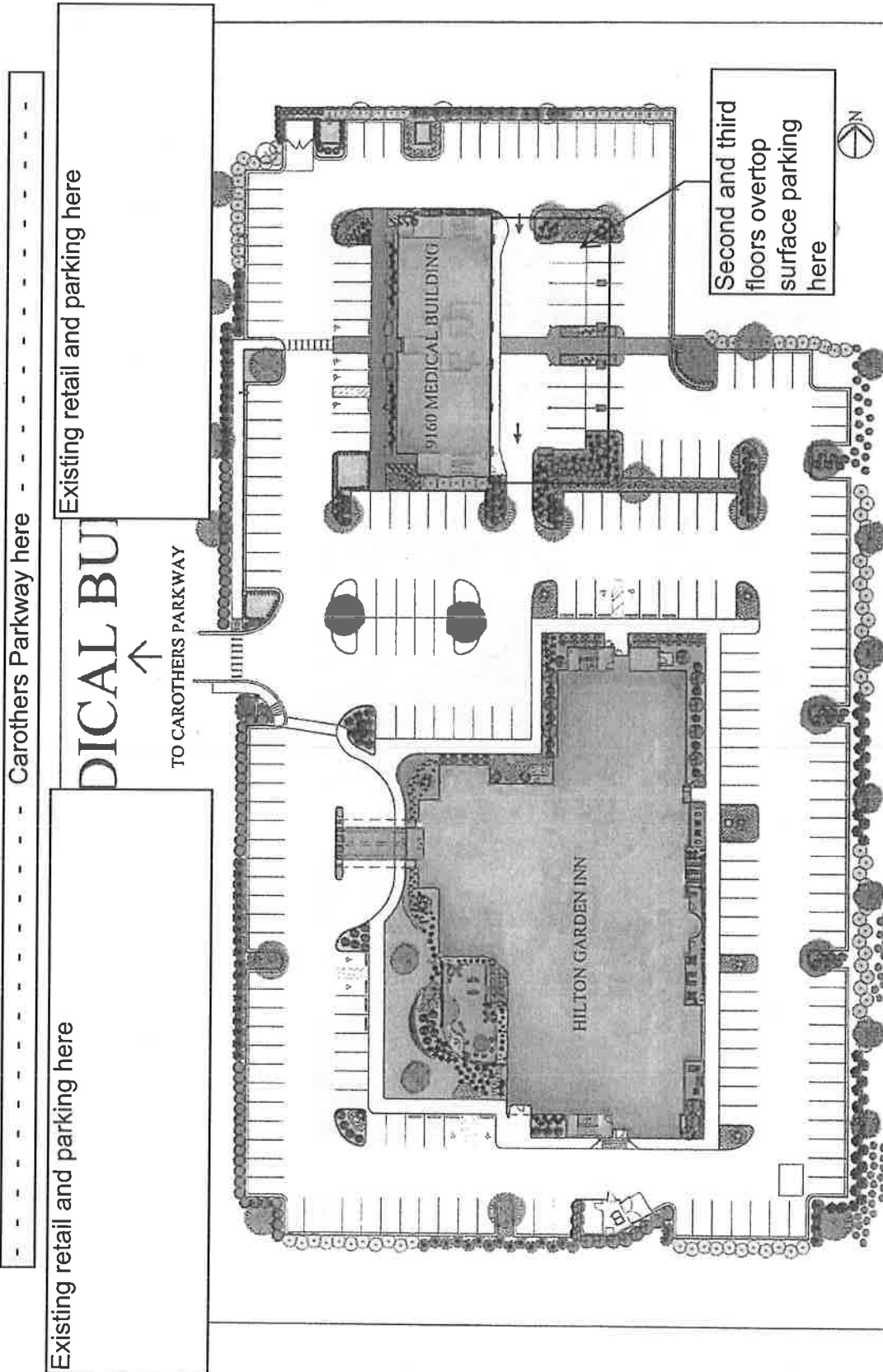
4121 HILLSBORO ROAD • SUITE 303 • NASHVILLE, TN 37216 • (615) 261-3346



ROBERT S. BISCAN & CO.
5210 Maryland Way, Suite 100
Brentwood, Tennessee 37027
Phone (615) 371-8432
FAX (615) 370-5568

2012 SEP 27 AM 10: 20





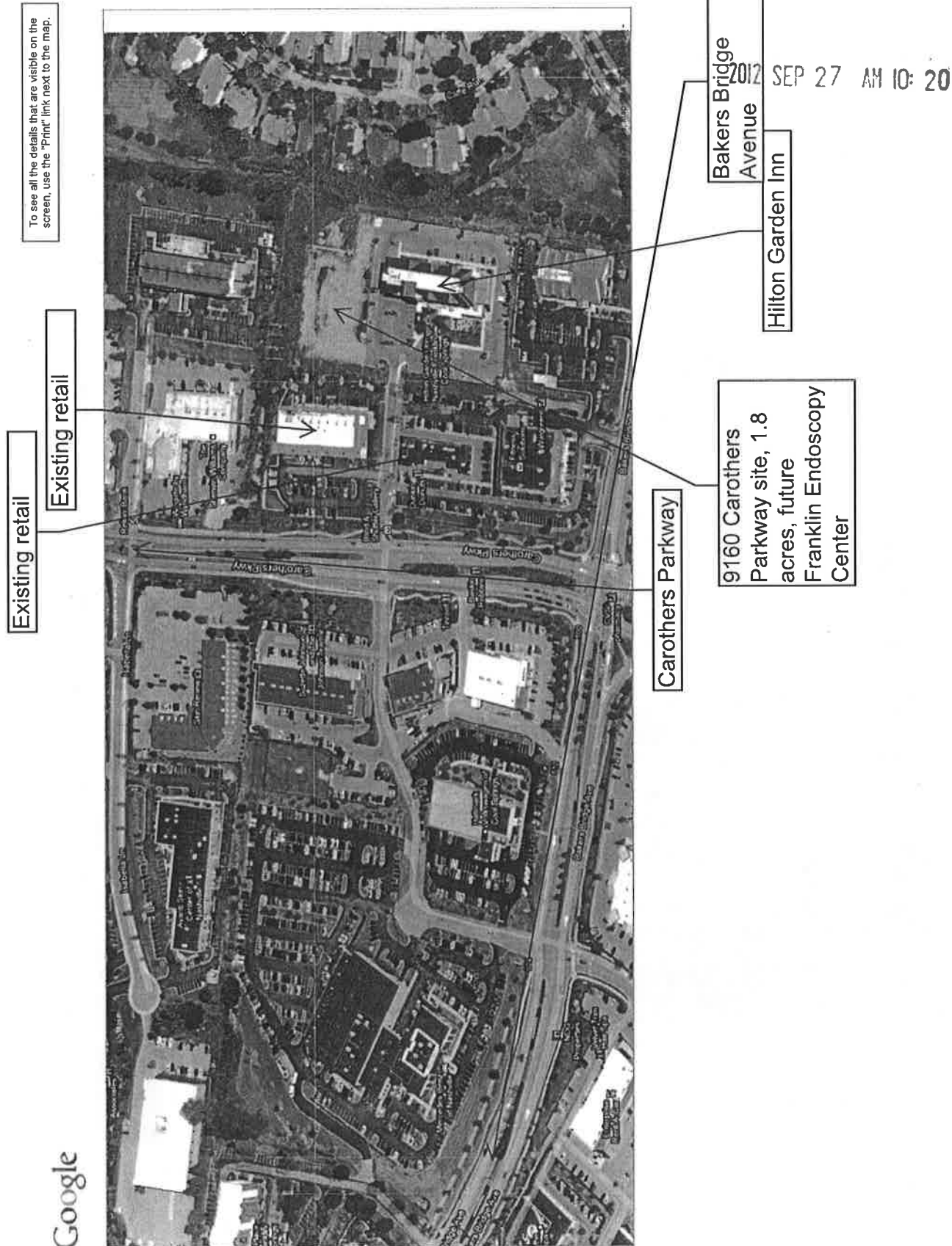
SITE PLAN

1.8 ACRES, MOB only, excluding hotel

RANDALL DOVER
ARCHITECT

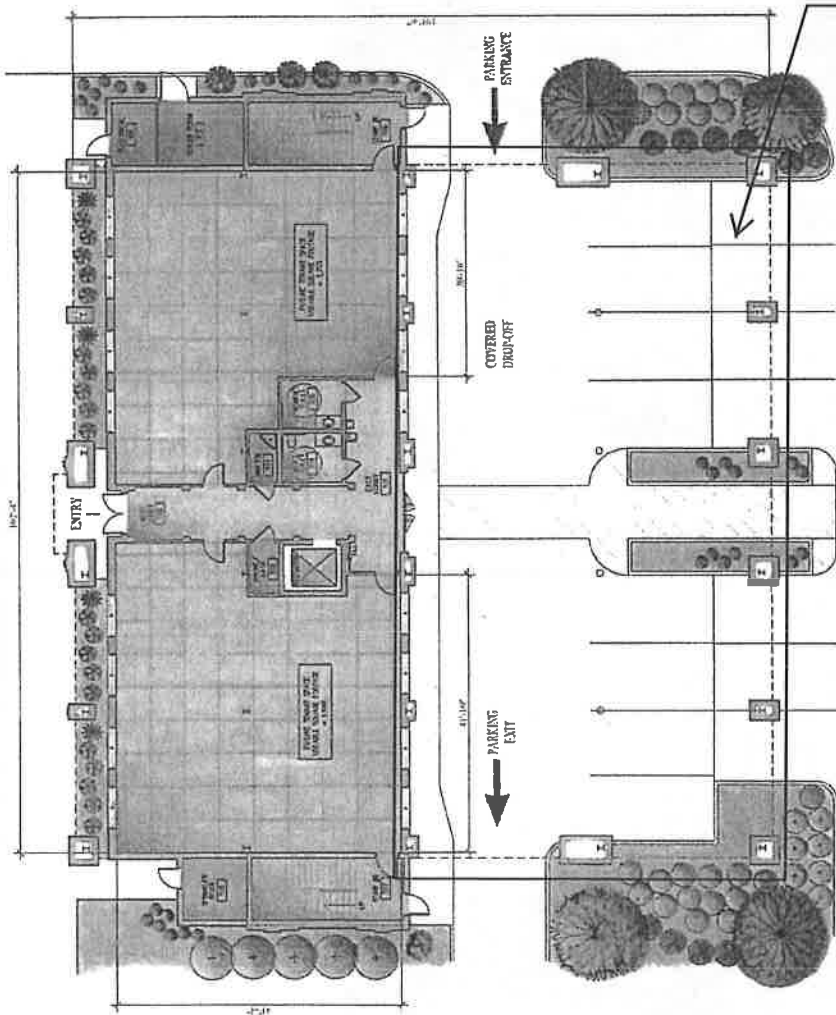
4121 HILLSBORO ROAD • SUITE 303 • NASHVILLE, TN 37215 • (615) 281-3388

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE



SUPPLEMENTAL

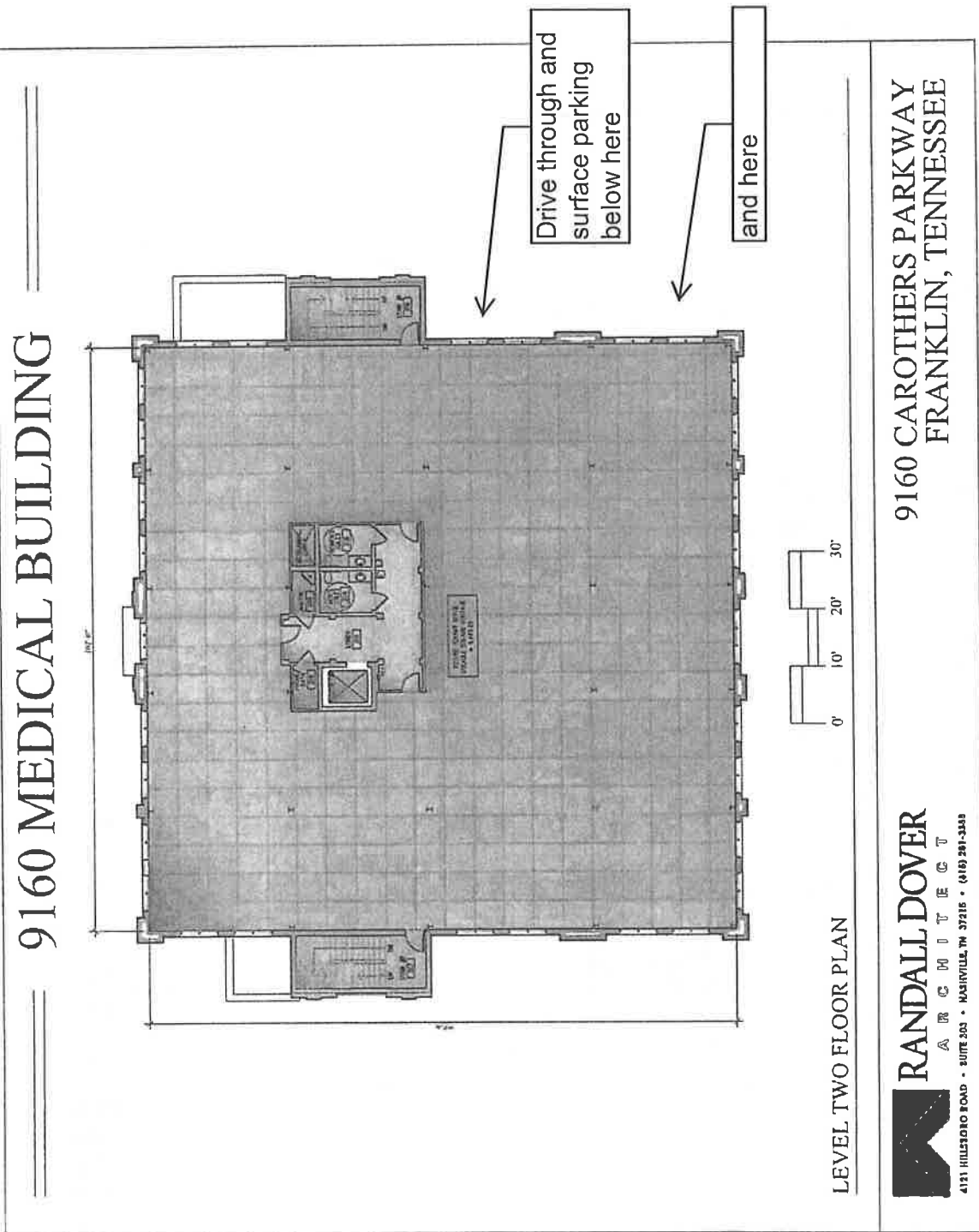
9160 MEDICAL BUILDING



LEVEL ONE FLOOR PLAN

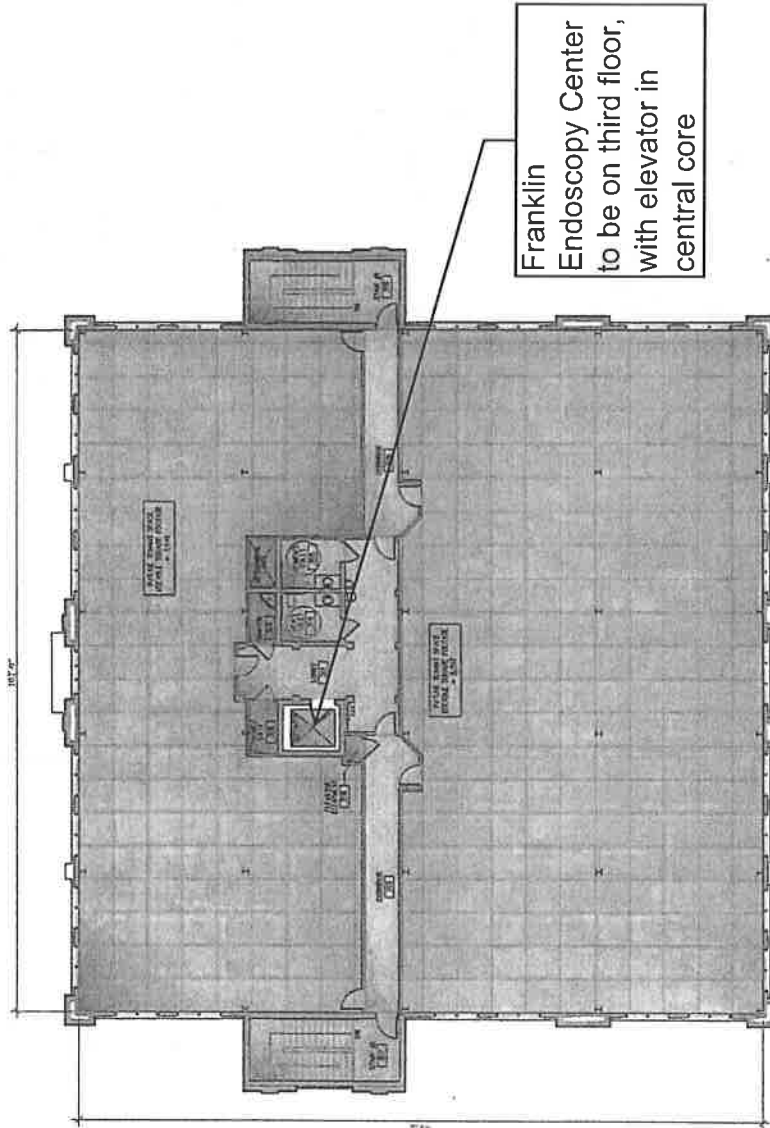
9160 CAROTID TANKWAY
FRANKLIN, TENNESSEE

RANDALL DOVER
ARCHITECT
4121 HILLBROOK ROAD • SUITE 303 • MEMPHIS, TN 37515 • (901) 251-4384



2012 SEP 27 AM 10: 20

9160 MEDICAL BUILDING

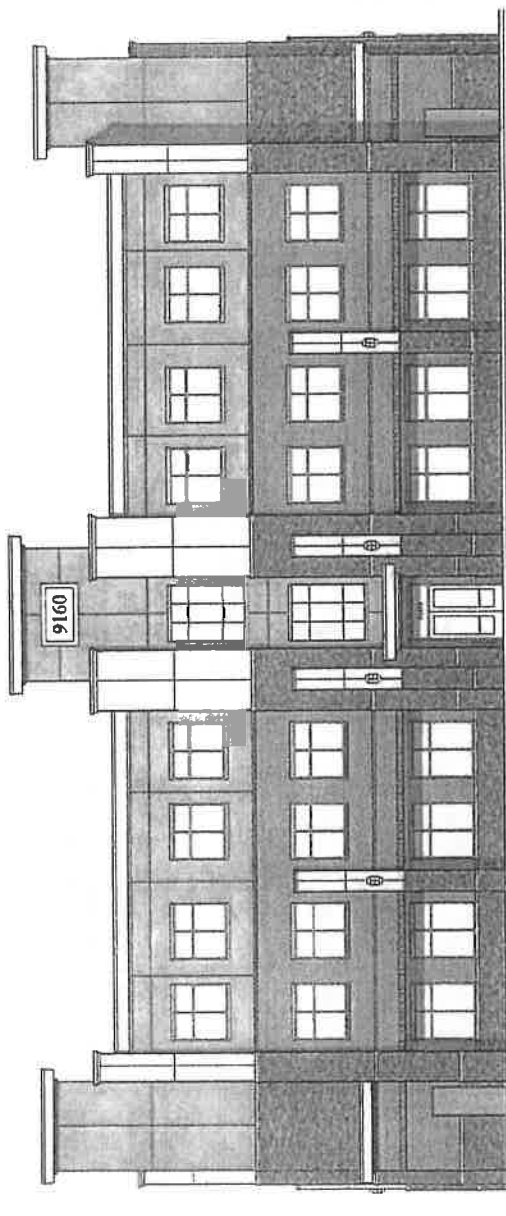


LEVEL THREE FLOOR PLAN

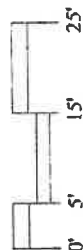
RANDALL DOVER
ARCHITECTS
4121 HILLSBORO ROAD • SUITE 503 • NASHVILLE, TN 37218 • (615) 251-3228

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

9160 MEDICAL BUILDING



FRONT ELEVATION

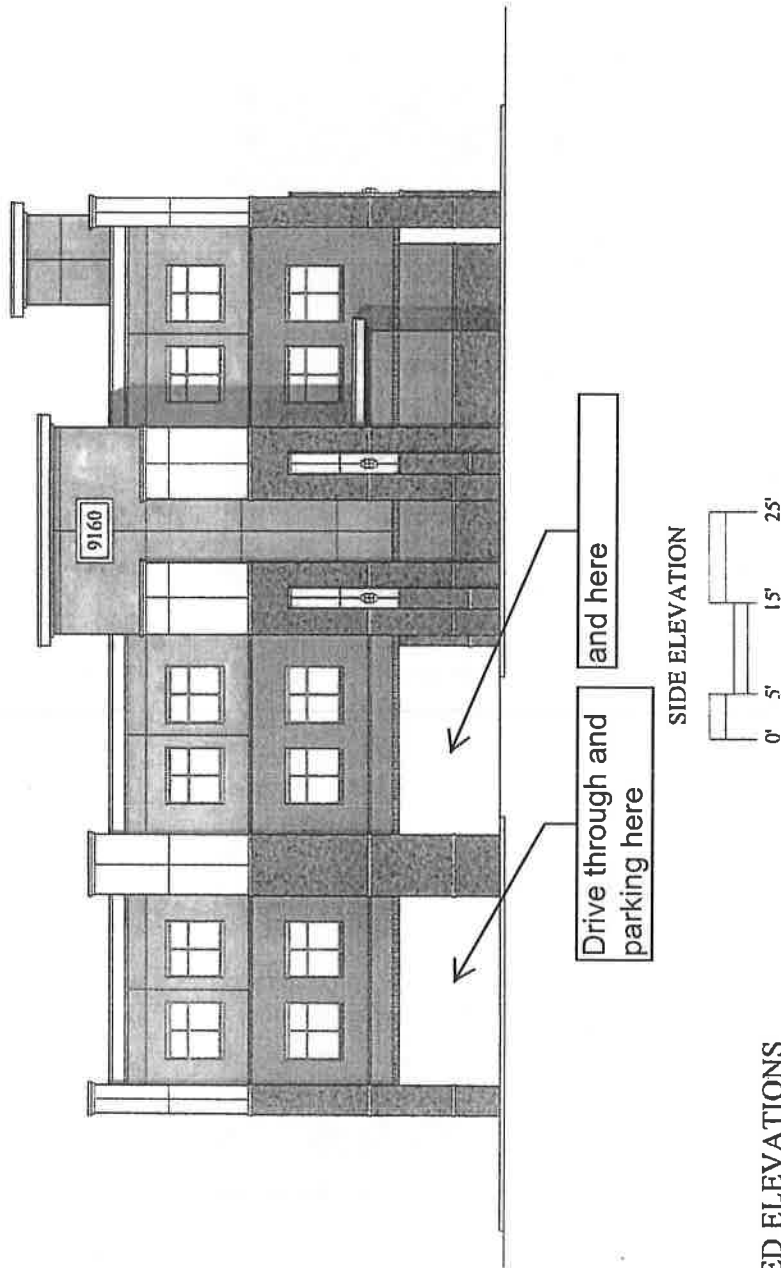


REVISED ELEVATIONS

RANDALL DOVER
ARCHITECT
4121 HILLTOP ROAD • SUITE 303 • NASHVILLE, TN 37216 • (615) 261-1300

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

9160 MEDICAL BUILDING



REVISED ELEVATIONS

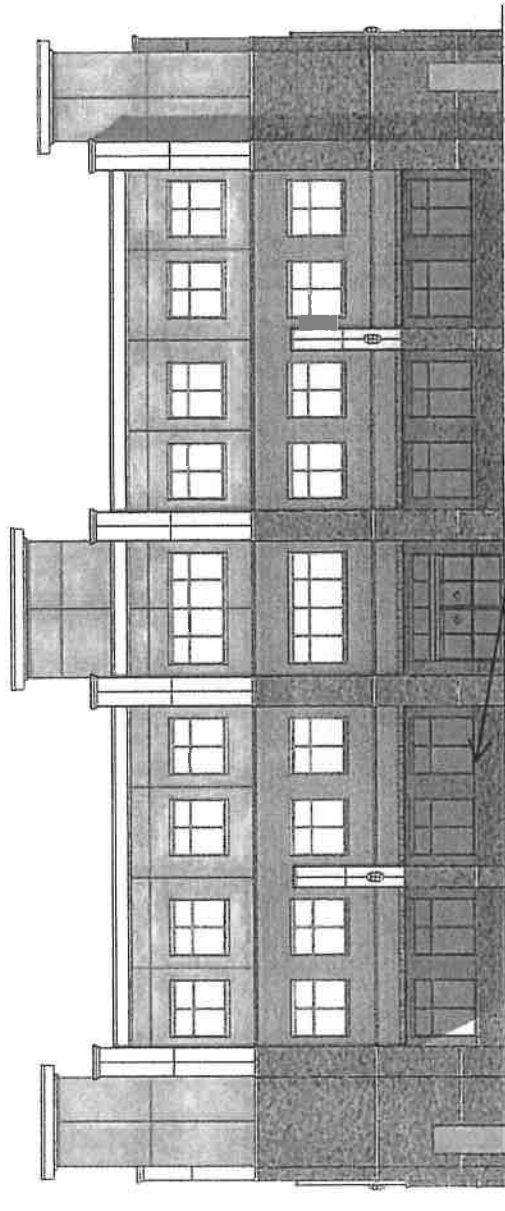
RANDALL DOVER
ARCHITECT
4121 HILLSBORO ROAD • SUITE 200 • NASHVILLE, TN 37215 • (615) 261-5000

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

COMPLEMENTAL

2012 SEP 27 AM 10: 20

9160 MEDICAL BUILDING



Shaded areas indicate the covered drive through and parking

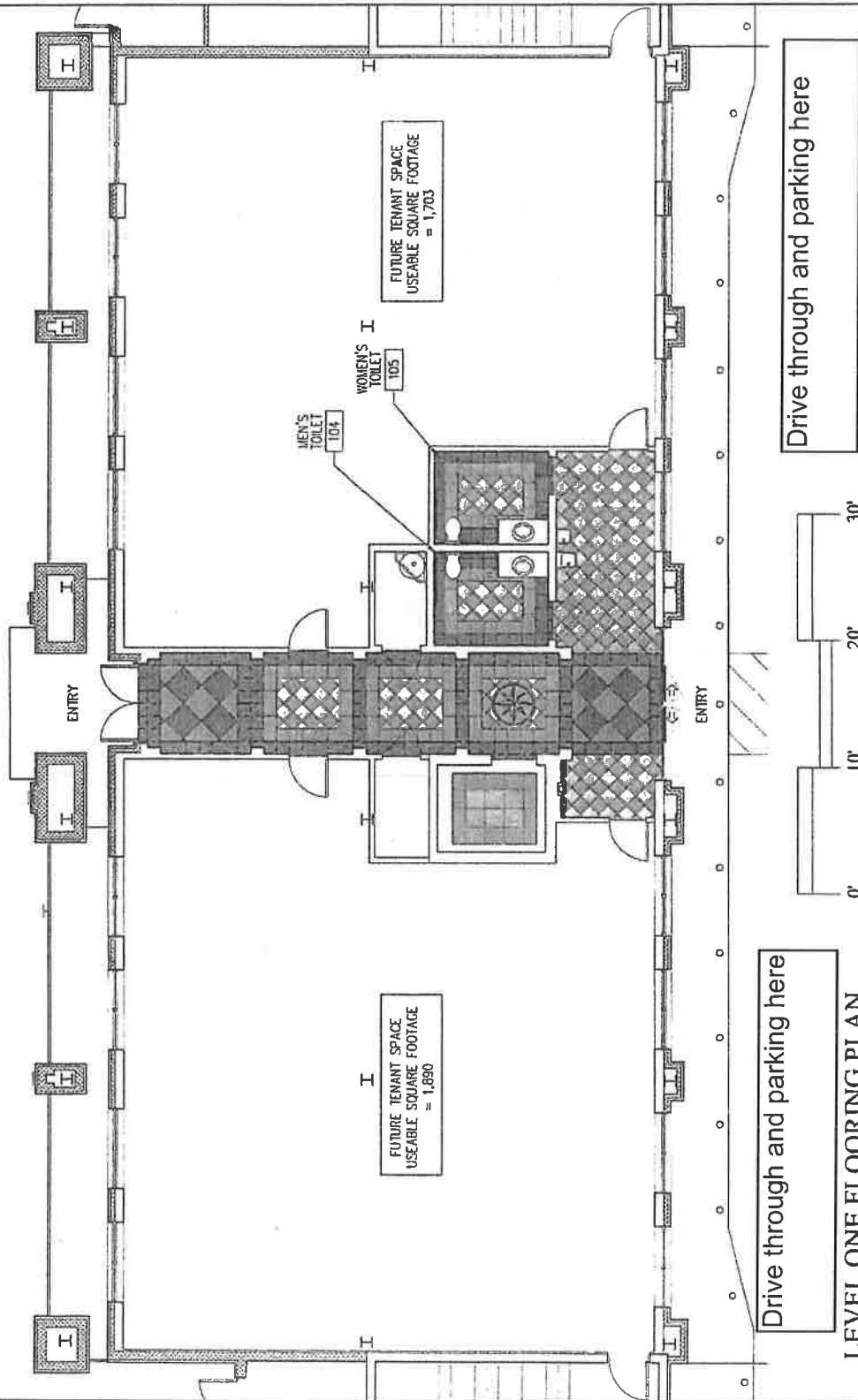
BACK ELEVATION
0' 5' 15' 25'

REVISED ELEVATIONS

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

RANDALL DOVER
ARCHITECT
4127 HILLSBORO ROAD • SUITE 203 • NASHVILLE, TN 37219 • (615) 581-3300

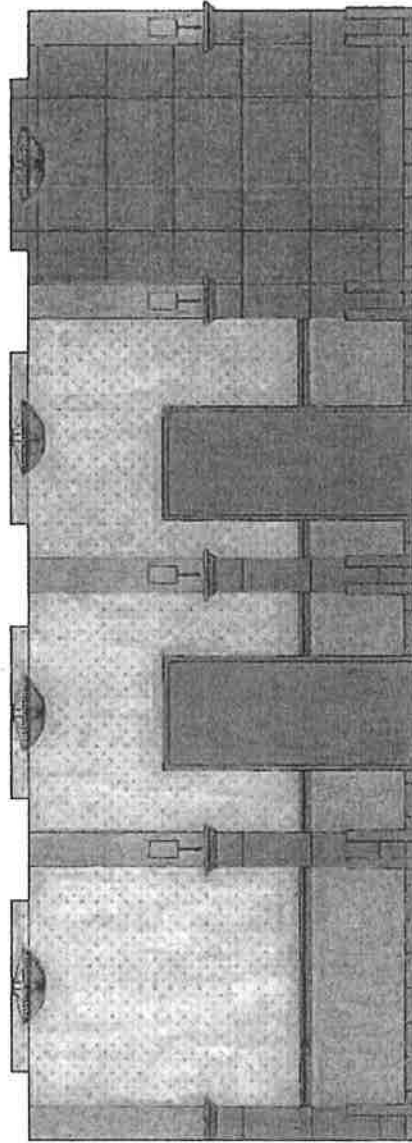
9160 MEDICAL BUILDING



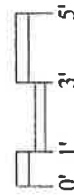
RANDALL DOVER
ARCHITECT
4121 HILLBORO ROAD • SUITE 303 • KANSASVILLE, TN 37215 • (615) 261-1388

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

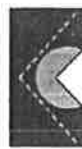
9160 MEDICAL BUILDING



LOBBY ELEVATION



INTERIOR ELEVATION



RANDALL DOVER
ARCHITECT

4123 HILLSBORO ROAD • SUITE 303 • NASHVILLE, TN 37216 • (615) 261-3385

9160 CAROTHERS PARKWAY
FRANKLIN, TENNESSEE

Attachment D
Funding Letter



Jeffrey S. Mastroleo
Senior Vice President
The Healthcare Group

511 Union Street, 3rd Floor
Nashville, TN 37219
(615) 734-6502
jsmastroleo@ftb.com

September 24, 2012

Corey Ridgway, Divisional Vice President of Operations
United Surgical Partners International
8 Cadillac Drive, Suite 200
Brentwood, Tennessee 37027

Dear Mr. Ridgway:

We understand that Franklin Endo has applied for a CON, which requires a letter from a qualified financial institution to support various borrowing needs. Franklin Endo's request is for a 7-year term loan of \$3.9 million to finance tenant improvements, equipment and furnishings. Based on similar credit facilities, the term loan will be priced at the London Interbank Offer Rate ("LIBOR"), plus 4.50%.

We have a long standing relationship with the managing partner and majority/principal owner of Franklin Endo, United Surgical Partners International, Inc. ("USPI"). Given the manner in which USPI has managed this and several other surgery centers where we serve as their financing and banking partner, we would certainly look favorably on this financing request subject to further due diligence and approval of their pending CON application.

Should you have any further questions, please feel free to contact me directly.

Sincerely,

Jeffrey Mastroleo

Attachment E
Anesthesiology Coverage



September 25, 2012

Dear Mr. Ridgway,

Thank you for your expression of trust and confidence in the anesthesia service provided by Anesthesia Services of Middle Tennessee, PLLC. We would be willing and interested in being the anesthesia provider at the proposed Franklin Endoscopy Center.

I understand this center is proposing to add new specialties, such as Orthopedics and Otolaryngology, requiring our services. With over a decade of service to the facilities, patients, and providers of the greater Middle Tennessee region, and as the current anesthesia provider at Providence Surgery Center and Physicians Pavilion Surgery Center (Saint Thomas / USPI facilities), I am well aware of the shared commitment that Saint Thomas and USPI facilities have, along with ASMT, to ensure the highest levels of cost-effective patient quality and safety. The extension of our relationship to Williamson County would be a great opportunity to expand our existing affiliation and to increase choice of healthcare providers for the rapidly growing population of this region. ASMT is proud to be a participating provider for over 98% of the payors in the greater Middle Tennessee region, including Medicare, all TennCare products, and for CoverTenn, insuring access to anesthesia care for all of the needy citizens of our area.

Once again, thank you for your consideration and know that I would be delighted to be an anesthesia provider and active member of the medical staff of Franklin Endoscopy Center.

Sincerely,

Barry W. Brasfield, M.D., President

Anesthesia Services of Middle Tennessee, PLLC

SUPPLEMENTAL

Attachment H
Applicant Affidavit

2012 SEP 27 AM 10:21

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF WilliamsonNAME OF FACILITY: Franklin Endoscopy Center

I, M. Corey Bridgman, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

M. Corey Bridgman, VP
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of Sept., 2012, witness my hand at office in the County of Williamson, State of Tennessee.

Gail D. Pratt
NOTARY PUBLIC

My commission expires 11/2/2013.

HF-0043

Revised 7/02



**HEALTH SERVICES AND DEVELOPMENT AGENCY
DECEMBER 12, 2012
APPLICATION SUMMARY**

NAME OF PROJECT: Franklin Endoscopy Center

PROJECT NUMBER: CN1209-046

ADDRESS: 9160 Carothers Parkway
Franklin (Williamson County), Tennessee 37067

LEGAL OWNER: Franklin Endoscopy Center, PLLC
740 Cool Springs Boulevard, Suite 210B
Franklin (Williamson County), Tennessee 37067

OPERATING ENTITY: United Surgical Partners International, Inc.
8 Cadillac Drive, Suite 200
Brentwood (Williamson County), TN 37067

CONTACT PERSON: Robert Limyansky
(770) 394-8465 x120

DATE FILED: September 14, 2012

PROJECT COST: \$ 7,420,105

FINANCING: Cash Reserves

PURPOSE OF REVIEW: Relocation of an existing Ambulatory Surgical Treatment Center (ASTC) and the conversion from a Single-Specialty (endoscopy) Surgery Center into a Multispecialty Surgery Center

DESCRIPTION:

Franklin Endoscopy Center, PLLC is seeking approval for the relocation of an existing single specialty ambulatory surgical treatment center (ASTC) limited to endoscopic procedures, located at 740 Cool Springs Boulevard, Suite 210B, Franklin (Williamson County), TN to 10,000 feet of newly constructed space located at 9160 Carothers Parkway, Franklin (Williamson County), TN. The proposed relocation site will be located 1.5 miles from the existing ASTC. The applicant is seeking the addition of two (2) multispecialty outpatient surgery

operating rooms thereby converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. The applicant states the construction of approximately 10,200 leased square feet of space on the second floor of a new medical office building will be required to house the proposed project.

Service Specific Criteria and Standard Review

AMBULATORY SURGICAL TREATMENT CENTER

- 1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:**
 - a. An operating room is available 250 days per year, 8 hours per day.**

The applicant identifies the ASTC will be available 250 days per year, 10 hours per day (6:30 a.m.-4:30 p.m.). It appears that this criterion has been met.

- b. The average time per outpatient surgery case is 60 minutes.**

The applicant identifies the current endoscopic cases last 15 to 30 minutes. The applicant states the average surgery time will increase when complex cases are added. It appears that this criterion has been met.

- c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.**

The applicant identifies the current time between endoscopic cases is 10 to 15 minutes. It appears that this criterion has been met.

- d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.**

The applicant reports an average of 1,634 endoscopic procedures per room in the ASTC in 2010 and 2,527 procedures in 2011. The applicant anticipates a surgical volume of 4,293 cases averaging 1,073 per room during the second year for the combined four operating rooms. It appears that this criterion has been met.

- e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity

The Department of Health review staff has reviewed the information submitted to Joint Annual Report and has taken all available ASTC operating rooms into account when preparing this report. It appears that this criterion has been met.

- 2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The applicant identifies Davidson and Williamson Counties as the ASTC's service area. 90% of the patients the applicant projects to provide services to in Year One of the project reside in these counties. It appears that this criterion has been met.

- 3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

The applicant states the majority of the population of the service area resides within 30 minutes travel time to the facility. It appears that this criterion has been met.

- 4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

The applicant operated above the standard of 800 cases per room in 2009, 2010 and 2011. The applicant projects 3,996 cases in Year One, averaging 999 cases per room. This calculates to 124% of the minimum 800 cases per operating room standard. Based on the assumptions above, the minimum standard for four operating

rooms which applies here would be 3,200 cases. It would appear that the criterion has been met.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Services and Development Agency may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

The proposed service area multi-specialty and single-specialty ASTCs were operating at 107% of the 800 procedures/room/year service capacity in 2011. The ASTC's performing endoscopic procedures within the proposed service area in 2011 were operating at 123% of the 800 procedures/room/year capacity. It appears that this criterion has been met.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

The applicant plans to have two (2) procedure rooms and two (2) operating rooms in the ASTC. It appears that this criterion has been met.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant provides projected utilization for the first eight quarters after project completion on page 23 of the application. It appears that this criterion has been met.

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant has selected a service area of Davidson and Williamson as the ASTC's service area. 90% of the patients associated with the proposed project reside in these counties. It appears that this criterion has been met.

SUMMARY:

Franklin Endoscopy Center, LLC is a joint venture between Saint Thomas Health, United Surgical Partners International, Inc. and area physicians. The applicant states the facility relocation and two operating room expansion is designed to increase patient accessibility by redirecting existing patients from Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. The applicant notes the proposed project will be used by properly credentialed open medical staff.

The proposed relocation is located one-half mile east of Interstate I-65 at Exit 69 and approximately one-half mile east of the Cool Springs Galleria Mall. The applicant states the proposed location is between 15.8-22.3 miles, or a 19-26 minute drive from the three Saint Thomas Surgery Center Network facilities listed above.

In July 2012, the applicant initially presented a CON application (CN1207-035) involving the expansion of the facility at its current location by adding two operating rooms to its existing facility. The expansion was needed to alleviate volume growth at the facility and involved the addition of two multispecialty outpatient surgery operating rooms and support space. The applicant states an architectural and engineering analysis determined the existing HVAC system was inadequate for expansion at the current site. The applicant states additional support columns in the facility were required to expand the roof for the HVAC upgrades. The applicant determined the cost associated with the addition of support columns in the facility was not economically feasible at the current site.

**Franklin Endoscopy Center
CN1209-046**

December 12, 2012

Page 5

and relocation became necessary. As a result, the Franklin Endoscopy Center application (CN1207-035) was withdrawn by the applicant from review and replaced with this application for a relocation and expansion of services.

The LLC owns and operates fourteen (14) endoscopy and surgery centers in Middle Tennessee which includes 6 in Davidson County, 3 in Rutherford County, 2 in Wilson County, and one each in the counties of Coffee, Sumner and Williamson.

The applicant indicates a relocation and expansion project will improve access and the quality of cost-effective outpatient surgery services. In addition, the applicant states the project will also address the following provider and community needs:

- Decompress highly utilized ASTCs at Saint Thomas Health in Nashville
- Treat existing patients from the six zip code service area closer to home
- Foster innovation by supporting the unique needs of the Mission Point Accountable Care Organization (ACO)*
- Provide a more cost-effective alternative due to the conversion of the Williamson Surgery center from a lower cost free standing ASC to a higher cost hospital-based ASC

**Note to Agency Members: Mission Point Accountable Care Organization (ACO) is a Medicare Shared Savings Program Accountable Care Organization. For additional information please refer to the following medicare.gov/aco link:*

<http://www.insurancebroadcasting.com/news/MissionPoint-Health-2726032-1.html?zkPrintable=true>

The applicant's proposed primary service area for the relocated ASTC will remain Williamson County with a secondary service area of Davidson County. The existing service area of Franklin Endoscopy Center will not change due to the close proximity of the proposed relocation (1.5 miles). The applicant proposes to focus on providing services to US postal zip codes 37027, 37067 and 37069 in Williamson County and 37215, 37220, and 37221 in Davidson County.

The applicant states 23,569 patients were served in 2011 by Saint Thomas Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare and Saint Thomas Campus Surgicare. The applicant states 3,568 of the 23,569 patients, or 15.1%, resided in the six zip codes surrounding Franklin Endoscopy Center.

Based upon population information from the Tennessee Department of Health, the total population of Davidson and Williamson counties is expected to increase by approximately 4.1% from 786,580 residents in 2012, to 818,449 residents in 2016.

The chart below displays the Franklin Endoscopy Historical Patient Origin Data. The applicant states Franklin Endoscopy Center has been highly utilized by patients residing in Williamson, Davidson and Maury Counties.

**Franklin Endoscopy
Historical Patient Origin Data
Cases Unduplicated 2008-2011**

County	2008	2009	2010	2011	2011%	Cumulative %
Williamson	1,435	1,689	1,772	1,685	68.1%	68.1%
Davidson	149	202	219	176	7.1%	75.2%
Maury	227	355	382	358	14.5%	89.7%
All Other Counties	225	268	293	256	10.3%	100.0%
Total	2,036	2,514	2,666	2,475	100.0%	

Source: CN1209-046

According to the Department of Health, of the thirty-four (34) licensed ASTCs in 2011 in the defined service area, twenty-three (23) facilities are single-specialty ASTCs and eleven (11) multi-specialty ASTCs. The ASTC proposed service area utilization for the years 2009-2011 is shown in the table below:

Licensed ASTCs 2009-2011 Utilization in Franklin Endoscopy Center's Service Area

Facility Name	Single Or Multi-Specialty	County	Operating Rooms	Procedure Rooms	2009 Cases	2010 Cases	2011 Cases	2011 Utilization vs. 800 Annual Procedures/Room Standard
Eye Surgery Center of Middle Tennessee	S	Davidson	3	0	336	0	0	N/A
Gurley Surgery Center	S	Davidson	0	3	369	365	300	12.5%
Centennial Surgery Center	M	Davidson	6	2	3,633	7,217	7,405	115%
Northridge Surgery Center	M	Davidson	4	2	3,789	3,673	3,201	66.6%
Urology Surgery Center	S	Davidson	3	3	6,353	6,230	7,608	158%
Digestive Disease Endoscopy Center	S	Davidson	0	4	6,715	6,041	5,845	182%
Nashville Endoscopy Center	S	Davidson	0	3	2,716	2,615	2,594	108%
Southern Endoscopy Center	S	Davidson	0	3	2,926	2,966	2,591	108%
Mid-State Endoscopy Center	S	Davidson	0	3	2,371	2,523	2,404	100%
St. Thomas Medical Group Endoscopy Center	S	Davidson	0	2	4,179	3,502	3,411	213%
Nashville Gastrointestinal Endoscopy Center	S	Davidson	0	2	3,112	2,451	2,698	168%
Nashville Surgery Center	M	Davidson	5	1	3,426	4,141	4,155	86.5%
Oral Facial Surgery Center	M	Davidson	3	4	2,888	2,290	1,986	35.4%
Wesley Ophthalmic Plastic Surgery Center	S	Davidson	2	0	827	834	754	47%
Associated Endoscopy	S	Davidson	0	3	5,139	4,738	5,222	217%
Baptist Ambulatory Surgery Center	M	Davidson	6	1	7,680	7,472	7,304	130%
The Center for Assisted Reproductive Technologies, LLC	S	Davidson	0	2	222	230	255	15.9%
Eye Surgery Center of Nashville, LLC	S	Davidson	1	1	3,946	3,972	2,524	157%
St. Thomas Campus Surgicare, LP	M	Davidson	6	1	8,028	6,835	7,639	136%
St. Thomas Outpatient Neurosurgical Center, LLC	S	Davidson	2	1	2,197	2,523	2,469	103%
LVC Outpatient Surgery Center, LLC	S	Davidson	2	1	1,806	1,973	1,902	79%
Tennessee Pain Surgery Center, LLC	S	Davidson	1	3	8,685	2,305	3,316	104%
Baptist Plaza Surgicare, L.P.	M	Davidson	9	1	9,922	9,427	9,171	115%
Premier Orthopaedic Surgery Center	M	Davidson	2	0	2,425	2,104	2,382	148%
DeLozier Surgery Center	S	Davidson	1	0	388	426	486	61%
Nashville Vision Correction, LLC	S	Davidson	1	0	173	169	132	16.5%
Summit Surgery Center, LP	M	Davidson	5	1	7,279	6,873	6,505	136%
American Endoscopy Center, PC	S	Davidson	1	1	486	598	602	37.6%
NFC Surgery Center, LLC	S	Davidson	1	1	372	387	389	48.6%
Premier Radiology Pain Management Center	S	Davidson	0	2	4,156	1,666	2,000	125%
Crossroads Surgery Center LLC	S	Williamson	0	1	0	220	275	34.3%
Williamson Surgery Center	M	Williamson	4	1	3,680	3,531	3,410	85%
Franklin Endoscopy Center	S	Williamson	0	2	2,602	3,269	2,527	157%
The Bone and Joint Surgery Center, LLC	M	Williamson	3	0	3,398	0	0	N/A
Cool Springs Surgery Center	M	Williamson	5	1	6,751	6,790	6,501	135%
Total			*73	56	122,795	110,356	109,963	107%
Capacity Per Room			800	800				
Total Capacity			58,400	44,800				
				103,200				

*2011 JAR Report data

The overall utilization for the thirty-four (34) ASTCs operating in the service area averaged 107% of the *Tennessee's Health: Guidelines for Growth's* ASTC utilization standard of 800 cases per room per year for the most recently reported year 2011. Overall there is an 11.7% decline in cases from 122,795 in 2009 to 109,963 in 2011.

Licensed ASTCs Endoscopy Recent Utilization in Franklin Endoscopy Center's Service Area

County (Total Licensed ASTCs)	ASTCs performing Endoscopies	Single Or Multi Specialty	No. of OR/ Procedure Rooms		2009 Cases Total/ Endoscopies	2010 Cases Total/ Endoscopies	2011 Cases Total/ Endoscopies	Utilization vs. 800 Annual Cases/Room Standard
Davidson (30)	Centennial Surgery Center	M	6	2	3,633/513	7,217/1,015	7405/920	115%
	Northridge Surgery center	M	4	2	3,789/489	3,673/474	3,201/445	66.6%
	Digestive Disease Endoscopy Ctr.	S	0	4	6,715	6,041	5,845	182%
	Nashville Endoscopy Center	S	0	3	2,716	2,615	2,594	108%
	Southern Endoscopy Ctr.	S	0	3	2,926	2,966	2,591	108%
	Mid-State Endoscopy Ctr.	S	0	3	2,371	2,523	2,404	100%
	St. Thomas Medical Group Endoscopy Ctr.	S	0	2	4,179	3,502	3,411	213%
	Nashville Gastrointestinal Endoscopy center	S	0	2	3,112	2,451	2,698	168%
	Associated Endoscopy	S	0	3	5,139	4,738	5,222	217%
	American Endoscopy center	S	1	1	486	598	602	75.2%
Williamson (5)	Williamson Surgery Center	M	4	1	3410/593	3,531/363	3,410/593	85.2%
	Franklin Endoscopy Ctr.	S	0	2	2,602	3,269	2,527	157%
	Cool Springs Surgery Ctr.	M	5	1	6,501/2,273	6,790/2,122	6,501/2,273	135%
Total (35 ASTCs)		9 single endoscopy specialty 4 multi- specialties	20/29		47,579/ 34,114	49,563/ 32,677	48,419/ 32,125	123%

Source: Department of Health Joint Annual Reports for ASTCs, 2009, 2010, 2011

*Normally endoscopy procedures performed in hospitals are not reported separately in the JAR, but are included in the surgery counts.

The chart above reflects within the service area, ASTC endoscopy utilization has shown a 1.7% annual increase from 2009 to 2011. Overall, the thirteen ASTC's operating in the service area providing endoscopies are operating at 123% of the

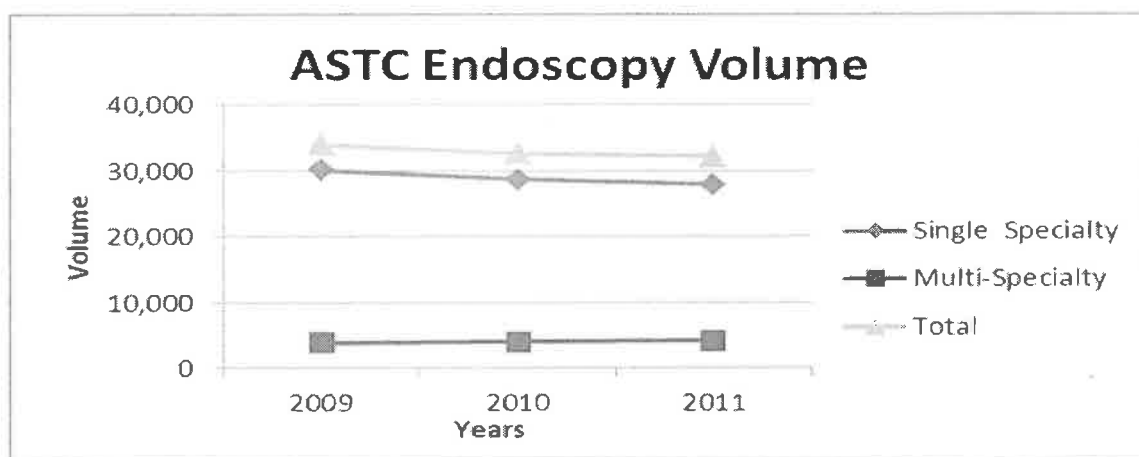
**Franklin Endoscopy Center
CN1209-046**

December 12, 2012

Page 9

800 annual cases per room standard. Nine of the ten (10) single specialty ASTCs (with 22 procedure/OR rooms) reported volumes exceeding the 800 procedures per room standard for a total utilization of 155% above the standard. The multi-specialty ASTCs (with 25 procedure/OR rooms), are operating at a 103% utilization rate above the standard.

The chart below indicates overall there has been a 6.1% decline in endoscopies from 34,114 cases in 2009 to 32,125 cases in 2011 in the applicant's service area. Single-Specialty ASTCs providing endoscopies experienced an 8.4% decline in the volume of endoscopies from 30,246 cases in 2009 to 27,894 cases in 2011. On the other hand, Multi-Specialty ASTCs providing endoscopies experienced a 9.3% growth rate from 3,868 cases in 2009 to 4,231 cases in 2011.



The Department Health Report indicates in 2010 there were 98,954 hospital based outpatient procedures in the service area.

The chart on the next page displays Franklin Endoscopy Center's historical and projected volumes and compares them with the current *Guidelines for Growth's* ASTC operating/procedure room utilization standards

**Franklin Endoscopy Center
ASTC's Historical & Projected Utilization**

				Projected Endoscopies		Projected Surgeries		Projected Surgery/Endoscopies	
	2009	2010	2011	2014 (1 st Yr)	2015 (2 nd Yr)	2014 1 st (Yr)	2015 2 nd (Yr)	2014 1 st (Yr)	2015 2 nd (Yr)
Rooms	2	2	2	2	2	2	2	4	4
Total Cases	2,602	3,269	2,527	2,476	2,526	1,520	1,767	3,996	4,293
Cases/Room	1,301	1,634	1,263	1,238	1,263	760	883	999	1,073
% of Standard*	162%	204%	157%	154%	157%	95%	110%	124%	134%

**800 cases/room standard from Guidelines for Growth*

The above table indicates the applicant projects utilization of the Guidelines for Growth 800 cases/room standard of 157% in Year Two of the project for the two (2) existing endoscopy procedure rooms, 110% utilization for the proposed two (2) operating rooms and 134% utilization for all four rooms. The applicant projects an increase of 7.4% in cases from 3,996 in Year One (2014) to 4,293 in Year Two.

The table below projects the applicant's cases and procedures by specialty for Year One of the proposed project. As indicated below, 62% of the total volume of the 2 procedure and 2 operating rooms will be devoted to gastro-intestinal patients.

**Year One
Projected Cases/Procedures**

Specialty	Cases	%	Procedures	%
Anesthesiology	6	0.1%	14	0.2%
ENT	546	13.7%	1,366	19.8%
GI	2,476	62.0%	3,095	44.9%
Neurosurgery	25	0.6%	62	0.9%
Orthopedics	498	12.5%	1,245	18.1%
Pain Management	446	11.2%	1,115	16.2%
Total	3,996	100.0%	6,896	100.0%

The applicant states approximately 10,200 square feet of space in a new medical office building will be required. The facility build-out is estimated at \$1,652,400 or approximately \$162 per square foot. The projected cost per square foot

**Franklin Endoscopy Center
CN1209-046**

December 12, 2012

Page 11

compares closely to the \$167.99 median cost per square foot of previously approved ASTC applications for renovation projects between 2009 and 2011.

The project's Medicare and TennCare revenues in Year One are projected at \$4,359,751 (20%) and \$347,045 (5%), respectively. The applicant reports in 2011 \$7,575 in indigent care was provided to endoscopy patients that represented a total of 0.1% of gross patient charges totaling \$11,952,002. The applicant is contracted with the Middle Tennessee TennCare MCOs AmeriGroup and UHC Community, but is not contracted with TennCare Select.

The applicant projects .5% charity/indigent care and .56% bad debt in the first and second years of operation. The average gross charge is \$3,146/case in Year One and \$3,143 in Year Two. The Average Net Charge is estimated to be \$722/case in Year One and \$723 In Year Two. A comparison of charges to other endoscopy ASTCs is provided on page 7 of the supplemental response.

The projected 6,896 procedures will produce Gross Operating Revenues (GOR) of \$21,690,305 in the first year of operation, growing to 7,578 procedures and \$23,815,654 GOR in year two. Deductions from Operating Revenue of 77% will reduce the Net Operating Revenue (NOR) to \$4,978,285 in the first year and \$5,475,596 in the second year. Net Operating Income of \$325,135 is projected in the first year, while \$427,656 in Net Operating Income is estimated in the second year. Annual Capital Expenditures of \$473,403 will reduce the first year's projected Net Operating Income Less Capital Expenditures to \$325,135. Similar charges for Annual Capital Expenditures in the second year will produce Net Operating Income Less Capital Expenditures of \$427,656.

According to the Historical Data Chart, Franklin Endoscopy Center has been profitable for each of the last three years reporting favorable net operating income (NOI) after capital expenditures of \$368,518.00 in 2009; \$1,034,045.00 in 2010; and \$648,102.00 in 2011. Average annual NOI was favorable at approximately 28.5% of annual net operating revenue for the year 2011.

The cost of the project for CON purposes is projected to be \$7,420,105. Of this total amount, \$140,454 is for Architectural and Engineering Fees; \$1,652,400 for Construction Costs; \$50,334 is for a Contingency Fund; \$485,000 for Fixed Equipment; \$165,879 for Other (pre-opening salaries, space lease, set-up) \$23,340 in Interim Financing; \$3,645,710 is for the Facility Lease; \$1,115,330 is for Moveable Equipment; \$125,000 is for Legal, Administrative and Consulting fees; and \$16,658 is for CON filing fees.

The applicant plans to fund tenant improvements, equipment and furnishings with a 7 year term commercial loan in the amount of \$3.9 million from First Tennessee Bank. A copy of the funding letter is located in Attachment D of the supplemental response. The applicant has provided a consolidated balance sheet that reflects \$49,099,000 in cash and cash equivalents as of March 31, 2012.

The applicant states the staffing at Franklin Endoscopy Center will increase from 7.6 to 23 FTEs of which will include 15.0 clinical FTEs.

The applicant has submitted the required corporate documentation, real estate option to lease and requisite demographic information for the applicant's proposed service area. HSDA staff has reviewed these documents. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding certificates of need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
11/30/2012



2012 SEP 10 AM 10:32

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Tennessean which is a newspaper
of general circulation in Davidson, Tennessee, on or before September 10, 2012
(County) (Month / day) (Year)
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

Franklin Endoscopy Center (A Member of the Saint Thomas Surgery Center Network), an existing Ambulatory Surgical Treatment Center (ASTC)
(Name of Applicant) (Facility Type-Existing)

owned by Franklin Endoscopy Center, LLC with an ownership type of limited liability company
and to be managed by: United Surgical Partners International, Inc. intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

the relocation of the existing ASTC with two (2) surgical procedure suites for endoscopic procedures performed by the center's staff and the addition of two (2) multispecialty outpatient surgery operating rooms and related support space for use by a properly credentialed open medical staff, thus converting a single-specialty (endoscopy) surgery center into a multispecialty surgery center. Construction of approximately 10,000 square feet of space in a new medical office building will be required. The existing facility is located at 740 Cool Springs Boulevard, Suite 210B, Franklin, TN 37067 (Williamson County). The proposed facility will be located at 9160 Carothers Parkway, Franklin, TN 37067 (Williamson County). The total cost of the project is estimated to be \$7,420,105.

The anticipated date of filing the application is: September 14, 2012

The contact person for this project is Robert Limyansky Partner
(Contact Name) (Title)

who may be reached at: The Strategy House, Inc. 71 Vickery Street
(Company Name) (Address)

Roswell GA 30075 770-394-8465
(City) (State) (Zip Code) (Area Code / Phone Number)

[Signature] 9/7/2012 rlimyansky@thestrategyhouse.net
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

2012 NOV 19 PM 1 53

November 19, 2012

VIA HAND DELIVERY

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street
Suite 850
Nashville, Tennessee

RE: Franklin Endoscopy Center
CN1209-046

Dear Melanie:

This is to provide official notice that Symbion, Inc. wishes to oppose the application of Franklin Endoscopy Center CN1209-046 for the facility relocation and outpatient surgery operating room expansion project. A representative from Symbion, Inc. will be present at the meeting.

If you have any questions, please give me a call at 850-8722.

Very truly yours,



Kim Harvey Looney

KHL:
Enclosure
cc: Jennifer Baldock, Esq.

TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

2012 NOV 27 AM 11 19

November 27, 2012

VIA HAND DELIVERY

Ms. Melanie Hill
Executive Director
Tennessee Health Services
and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center
Letters of Support CN1209-046

Dear Ms. Hill:

Enclosed please find letters of support to be filed on behalf of my client, Franklin Endoscopy Center. Included in this packet are the original letters plus two copies for filing, one copy to be date stamped and returned to me.

Thank you for your assistance.

Very truly yours,



Byron R. Trauger

BRT/kmn

Enclosures



Franklin Surgical
SPECIALISTS

A. J. BETHURUM, M.D., F.A.C.S.
BOARD CERTIFIED

BERNARD L. BURGESS JR., M.D., F.A.C.S.
BOARD CERTIFIED

DUSTIN W. SMITH, M.D.
BOARD CERTIFIED

2012 DEC 6 PM 1 34

November 27, 2012

Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

RE: Drs. Jeffrey and W. Gregory Cook

Dear Ms. Hill,

I am currently and have been for 37 years a practicing surgeon at Williamson Medical Center. I have practiced with Jeff and Greg Cook over the past 15 to 17 years. They currently have to take their outpatient surgeries to Smyrna in order to perform surgery on them. They elected not to remain on the Williamson Medical Center staff and therefore are not able to perform outpatient surgery there at the present time. They are wishing to go in with Drs. Burch and Caudill to develop an outpatient surgery center on Carothers Parkway in Franklin, TN. I along with many of the other surgeons at Williamson Medical Center would be in favor of this surgery center being developed. We feel it certainly would be more convenient for Drs. Jeff and Greg Cook as well as the Williamson County people whom they are serving.

Any consideration that would favor this project would be greatly appreciated. If I can provide any other information regarding this, please let me know

Sincerely,

A.J. Bethurum, MD, F.A.C.S.

AJB/smj

Partnered with Williamson Medical Center



Chris M. Henson
Chief Financial Officer

2601 Bransford Ave. • Nashville, TN 37204 • 615/259-8515 • Fax: 615/214-8895

2012 DEC 6 PM 1 34

November 15, 2012

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill:

I would like to express my appreciation to Dr. Jeff Cook, and the staff at Physician's Pavilion Surgery Center, for the excellent care provided to me on August 8, 2012. The experience was positive overall, and I have fully recovered.

The only aspect that would have improved the experience is for the surgery center to have been located in Cool Springs. Since I live in Franklin, the benefits of having the surgery in Cool Springs include: much quicker and easier access and a significant reduction in travel time; greater familiarity of the surrounding area would have allowed my wife to take care of other needs during the time the surgery was performed; and the convenience of having quick and easy access to our pharmacy on our way home.

Franklin Orthopaedics & Sports Medicine will continue to be my choice for bone and joint care, but I hope that any future required surgeries can be performed locally.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris M. Henson".

Chris M. Henson

November 26, 2012

2012 DEC 6 PM 1 34

TO: Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

FROM: Connie Alloway, 6617 Wilson St., College Grove, TN 37046

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill,

I had surgery in July 2012 in Smyrna at the Physicians Pavilion Surgery Center. While I have no complaints about the care I received there, I had many about the great inconvenience to me and my family to have to leave our county for the surgery.

I and my husband had great difficulty arranging transportation for the surgery since he is in poor health and does not drive. If the surgery had been in Franklin, EVERYTHING would have been so much easier. ***I cannot even begin to describe the stress I was under trying to secure a ride for the surgery!*** The minute the location was given I would be told, "Sorry, I don't or can't drive there."

If my surgery had been in Franklin/Cool Springs area, I have many family members and friends who could have helped.

Sincerely,

Connie Alloway

MEMORANDUM

2012 DEC 6 PM 1 34

DATE: 11-26-12

TO: Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Dedrick St.
Suite 850
Nashville, TN 37243

FROM: Terry Elliott

RE: Franklin Endoscopy Center Expansion and Relocation

I was recently treated by Franklin Orthopedics with surgery performed at the Pavilion Surgery Center in Smyrna. This surgery center was very good in terms of service and care. It was however, very inconvenient for me and for my wife as she had to accompany me for the outpatient surgery.

There was nowhere close for her to get breakfast while I was waiting on surgery and we had to be there very early in the morning. It would have been much more convenient and less of a drive if this service could have been available in the Cool Springs area. It is closer and we know our way around this area.

I hope you will consider this proposal for a local facility.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry M. Elliott", is written over a horizontal line.

Terry M. Elliott

I have recently had shoulder
Surgery ~~2/12/2012~~ DEC 16, 2011 37 when
I first went to see the Dr.
in Cool Springs and was told
the surgery would be performed
in Smyrna which is very
inconvenient to our house in
Spring Hill 20 miles to Cool Springs
50 miles to Smyrna. The surgery
went well & everyone there
was very pleasant & informative.
I would still would like
to have the surgery be
more convenient to where
we live. Please allow a
surgery center to be allowed
to be built in Cool Springs

Thankyou for
your Consideration,
Steven Decker

Franklin Endoscopy Center
Letters of Support CN1209-046

Rogers Anderson, Williamson County Mayor

Dr. Ken Moore, Mayor, City of Franklin

Glen Casada, House of Representatives

W. Greg Cook, M.D., Franklin Orthopaedics & Sports Medicine

Rebecca Reinhardt

Debra L. Umbarger

Antoinette Galuppo

Linda Emrarto

Eddie Sands

Christine Williams

Nancy B. Grooms on behalf of Charles R. Grooms

Susan Irby

Randy B. Oliver

Angela K. Washington

Mark Barrett, President, BancCard

Jeffrey J. Motyka

Harry G. Hutchison, Professor of Law, Belmont University

Phyllis Lackey

Mary Jo Crutcher

Chantal & Bobby Ocker



WILLIAMSON COUNTY

Rogers C. Anderson, County Mayor
1320 West Main Street, Suite 125
Franklin, Tennessee 37064
(615) 790-5700, Fax (615) 790-5818

November 26, 2012

Ms. Melanie Hill
Health Services and Development Agency
Andrew Jackson State Office Building
500 Deadrick Street, Suite 850
Nashville, TN 37243

**Re: CON - Franklin Endoscopy Center Expansion & Relocation
9160 Carothers Parkway
Williamson County, TN**

Dear Ms. Hill:

Please accept this letter in support of the above referenced Certificate of Need Application. As Mayor of Williamson County, I am aware of the continued growth and demands for health care services throughout our county. Our last census in 2010 reflected a population growth in excess of 56,000 in ten (10) years, with a projected population increase of an additional 30,000 in the next three (3) years.

With this increased population, the need for healthcare services in our county continues to rise. The proposed Franklin Endoscopy outpatient surgical facility could help meet the needs required for orthopaedic surgical services for patients of all ages. Having such a facility close to home, easily accessible and convenient for our residents is an intangible asset for them and, in many instances, for their care-takers.

As Mayor, I am acutely aware of the need for our jobs market and local economy to prosper and am happy to lend my support to this effort, and I respectfully encourage your approval of the Certificate of Need.

Sincerely,

Rogers Anderson
Williamson County Mayor

RCA/dg

Letters\Support-CON-FranklinEndo



HISTORIC
FRANKLIN
TENNESSEE

November 9, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street
Suite 850
Nashville, TN 37243

Re: "The Franklin EndoscopyCenter Expansion and Relocation Project"

Dear Ms. Hill,

In the near future, the Tennessee Health Service and Development Agency will be considering the matter of "The Franklin Endoscopy Center Expansion and Relocation Project." I would like to add my support as the mayor of Franklin to this project.

Franklin and Williamson County are poised to double in size over the next twenty years and continue to develop as not only a place to live but also a leader in economic development for the State of Tennessee. With this growth, there will be an increasing demand for convenient, cost effective, and high quality health care to an already busy healthcare delivery system. With the recent closing of the Williamson surgery Center, physicians and patients have had their choices for outpatient facilities diminish and our residents are going to adjacent communities and counties to seek their outpatient surgical care.

The expansion of the Franklin Endoscopy Center seems to be an important piece of the puzzle to address the issues of availability, quality, and cost effective care. I strongly support this effort.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Ken Moore', is written over the word 'Sincerely,'.

Dr. Ken Moore
Mayor
City of Franklin



GLEN CASADA
STATE REPRESENTATIVE
63RD LEGISLATIVE DISTRICT

CHAIRMAN,
HEALTH AND HUMAN RESOURCES
COMMITTEE

25 LEGISLATIVE PLAZA
NASHVILLE, TN 37243-0163
(615) 741-4389 OFFICE
(615) 253-0229 FAX
Rep.Glen.Casada@capitol.tn.gov

House of Representatives State of Tennessee

NASHVILLE

MEMBER OF COMMITTEES
CALENDAR & RULES
CHAIR, HEALTH AND HR
CONSUMER AND EMPLOYEE AFFAIRS
CHILDREN AND FAMILY AFFAIRS

HOME ADDRESS:
3144 Natoma Circle
Thompson Station, Tn 37179
(615) 943 7396

November 13, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Service and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Ms. Hill,

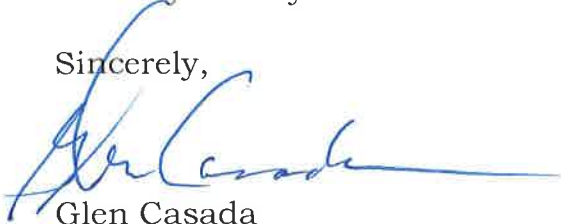
Franklin Orthopaedics and Sports Medicine is applying for a Certificate of Need to move and relocate the facility from its current location on Cool Springs Blvd. to Carothers Parkway. I fully support this application for CON.

This is an effort to convert the Franklin Endoscopy Center, which is currently a single specialty GI Center into a multi-specialty Outpatient Surgery Center. The plan is to add two full operating rooms to the services already provided by Franklin Endoscopy Center and Franklin Orthopaedics and Sports Medicine.

With the sizable growth of population in Williamson County, I am encouraged that local medical facilities are working diligently to keep up with the demand for medical services. These efforts, when successful, will help to keep Williamson County a wonderful place to work, live, and raise a family.

Thank you for your consideration in approving this Certificate of Need.

Sincerely,



Glen Casada



Franklin

ORTHOPAEDICS
& SPORTS MEDICINE

Trusted expertise...
for your active lifestyle

W. GREGORY COOK, MD

- BOARD-CERTIFIED
ORTHOPAEDIC SURGEON
- ADVANCED TRAINING
IN SCOPE PROCEDURES

*Fellow: American Academy of
Orthopaedic Surgeons
Chief Resident/Residency: Orthopaedic
Surgery, Emory University
MD: UT Memphis
Private practice since 1989*

JEFF W. COOK, MD

- BOARD-CERTIFIED
ORTHOPAEDIC SURGEON
- ADVANCED TRAINING
IN SCOPE PROCEDURES

*Fellow: American Academy of
Orthopaedic Surgeons
Chief Resident/Residency:
Orthopaedic Surgery, Georgia
Baptist/Scottish Rite Children's
Medical Center
MD: UT Memphis
Private practice since 1992*

CHRIS HENDRIX, PA-C

- BOARD-CERTIFIED
PHYSICIAN ASSISTANT

EVAN WARD, PA-C

- BOARD-CERTIFIED
PHYSICIAN ASSISTANT

FOR YOUR BONE AND JOINT HEALTH:

- Minimally invasive
arthroscopic surgery
- Sports medicine
- Orthopaedic surgery
- Knee & hip
- Torn ligaments
- Joint reconstruction
- Hand & wrist
- Foot & ankle
- Arthritis
- Shoulder & elbow
- Broken bones & trauma

FOR YOUR CONVENIENCE:

- State-of-the-art treatment
- One-on-one care
- Friendly, helpful staff
- Insurance filed
- Payment plans available
- Major credit cards welcome
- Same-day appointments
for urgent care
- Expedient service

November 26, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

Dear Ms. Hill,

I am a partner at Franklin Orthopaedics & Sports Medicine and have been practicing orthopaedic surgery and sports medicine in my hometown of Franklin for the last 24 years. In approximately 2002, as Vice-Chief of Staff and a member of the Board of Trustees of Williamson Medical Center, I lobbied your agency to allow the development of Williamson Surgery Center. The need for a surgery center in Franklin was great 10 years ago and is even greater today. It is unfortunate for our community that we recently lost Williamson Surgery Center to the needed expansion by our hospital. To its good fortune Williamson Medical Center has grown and thrived in no small measure secondary to the growth in Williamson County. As you are aware the hospital needed the extra operating rooms for its normal operations and Williamson Surgery Center became a causality to the hospital success. Now more than ever the citizens of Williamson County are in need of additional outpatient operating rooms.

With the closure of Williamson Surgery Center, we at Franklin Orthopaedics & Sports Medicine found no facility in our county with the capacity to absorb our case volume. Since July, 2012 we have operated almost exclusively at Physicians Pavilion Surgery Center in Smyrna, and are currently on track to take over 600 of our neighbors each year out of our community to that facility. This has caused a great hardship for many of our patients as you will see when you review the letters of our patients who felt compelled to write.

The Franklin Endoscopy Center Expansion and Relocation Project enjoys great community support and I lobby on behalf of our medical community and the citizens of Williamson County that you allow this project to proceed. It should prove to be an invaluable asset as we strive to meet the health needs of the people of Williamson County, and Dr. Jeff Cook and I are prepared to move our entire surgical practice to that facility if you approve its CON. Thank you in advance for your consideration.

Sincerely,

W. Greg Cook, M.D.

3310 Aspen Grove Drive, Suite 102, Franklin, TN 37067
(In the clock tower building at Cool Springs Blvd. & Aspen Grove Dr.)

615.771.1116

FAX: 615.771.1140 • WWW.FRANKLINORTHOMD.COM

November 16, 2012

Tennessee Health Services & Development Agency
500 Deadrick St Ste 850
Nashville, TN 37243

Dear Ms. Melanie Hill (Executive Director),

On August 27th 2012 I received out patient knee surgery at the Physician's Pavilion Surgery Center performed by Dr. Jeff Cook. When I scheduled my surgery and was told that instead of coming to the Franklin/Cool Springs area, I had to go all the way to Smyrna, I was very disappointed but didn't really have any other choice as I wanted to keep my surgeon.

Don't get me wrong, I was really happy with the facility. It's just that I live in Spring Hill and on a weekday morning it's bad enough just trying to make it somewhere on time to the Franklin area let alone having to get to Smyrna.

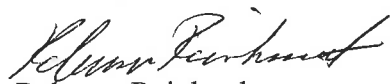
My husband had to take the whole day off from work to get me there and stay so he could bring me back home. I had to make arrangements for someone to be at home with my disabled elderly mother longer than would normally be needed. Not to mention having to get up before the roosters in order to try to dodge the traffic tie-ups between here and there.

If the surgery center would have at least been in the Franklin/Cool Springs area, then my husband wouldn't have had to take the whole day off. And my medications could've been filled while we were waiting to be dismissed instead of waiting until I got all the way home and then waiting for the meds.

I do think it would be a huge improvement if the Franklin Orthopaedic & Sports Medicine doctors could perform their surgeries closer to their facility. Not only for me, but for family and friends that experience the same issues.

Thank you so much for your time and consideration.

Sincerely,



Rebecca Reinhardt
2086 Prescott Way
Spring Hill, TN 37174
(615)302-0093

November 13, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Melanie Hill,

I had knee surgery in August of this year and thinking I would have the surgery in the Cool Springs/Franklin area was wrong Dr. Cook told me that I had to travel to Smyrna to the Physicians Pavilion Surgery Center, that there was nothing closer for him to do the surgery.

I live in Columbia and having a surgery Center in Cool Springs area would have been so much closer for me to travel to.

I believe that with the surgery center Dr.'s Cook and the Endoscopy Center is trying to do would be a benefit to a lot of people like myself so that it would be a 20 minute drive and not a 45 minute drive.

As I know that in the near future I will have to have my other knee done and going to Cool Springs would be a closer drive.

All that we are asking is for you to consider it for the patients that have to travel farther to an unfamiliar area.

Thank you



Debra L Umbarger
A patient of Franklin Orthopaedics & Sport Medicine

11/19/12

Ms. Melanie Hill
TN Health Services & Development
500 Deadrick St, Ste. 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion & Relocation

Dear Ms. Hill:

I recently had orthopaedic surgery on my knee performed by Dr. Jeff Cook at the Pavilion Surgery Center in Symrna. Everything went well with the surgery and the services I received. However, it was a long distance for me to travel and I had to come back to Franklin where I get my prescriptions filled. So it was a little longer time that I had to do. It would have been more convenient if we had a surgery center in Franklin, so my driver could have gotten my meds before I got out of surgery. Thank you.

Antoinette Galuppo

11-16-2012

Ms Melanie Hill
Executive Director
TN Health Soc & Dev Agency

Franklin Orthopedic & Sports Medicine
have been my providers for orthopedic
issues for the past 4 years.

I was quite surprised this past
summer that my knee surgery
would take place in Smyrna instead
of Brentwood. That is quite a
drive and I was thankful my
husband could take me. Not everyone
is so fortunate and it would have
been difficult to ask a friend to
make that much of a trip. It
just seems really inconvenient
and unnecessary.

Sincerely
Dinda Enright
615-372-0247

11-12-12

Ms. Melanie Hill
Executive Director, TN. Health
Services & Development Agency

After seeking treatment and
an MRI on my knee in June of 2012,
I was told I needed surgery on it,
then I was told I had to go to
Symrna to get this surgery.

I thought as progressive as Williamson
county was that this was unreal.

So I had to line up two people
to take me (my wife wont drive out
of town) to this procedure.

I think Franklin, Cool Springs can
support another surgery center.

Thanks for your consideration

Eddie Sudo

1495 Coleman Rd.
Franklin TN. 37064

5110 Albert Drive
Brentwood, TN 37027

November 10, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill:

As a recent surgery patient of Dr. Cook, I highly endorse moving the surgery to the Cool Springs area. One reason I chose Dr. Cook is the convenient location of his office to my home. The day of my surgery would have been a lot easier if I did not have a 30 minute drive. I was in pain and every bump and turn added to my pain.

I certainly hope I do not need the services of Dr. Cook for surgery again, but if I do, I prefer to stay close to home.

Sincerely,

A handwritten signature in cursive script, appearing to read "C Williams".

Christine Williams

November 20, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
500 Deadrick Street
Suite 850
Nashville, TN. 37243

RE: Franklin Endoscopy Center Expansion & Relocation

Dear Ms. Hill:

I am writing to request your consideration for a Certificate of Need for an outpatient surgery center in the Cool Springs area.

Recently my husband required outpatient knee surgery by our orthopedist, Dr. Greg Cook, and the nearest outpatient surgery center was in Smyrna, Tennessee. We live in south Maury County and even with the 840 roadway it was 1 ½ hour drive each way. The morning traffic was heavy with commuters and the return trip was as difficult as my husband was uncomfortable after the surgery and the long drive home did not help matters any.

We were provided prescriptions for medications for his comfort but we had to wait until we arrived in Columbia to our local pharmacy before we could obtain them. We were unfamiliar with the area and were concerned to correctly get on and off the correct exit much less search for a pharmacy in the area and attempt to obtain narcotic medication as an out of area patient! The high cost of gas, the travel time, wait time and inconvenience of my husband having to be uncomfortable for a longer period of time made for a very long and exhausting day for us. We are 60 years old and unfortunately both suffer from joint disorders among others which make it difficult for us to ride in a car, sit for a long period of time nor do we feel comfortable traveling away from home by ourselves when we feel most vulnerable.

The convenience of an outpatient surgery center in Cool Springs would have cut our travel time more than in half as well as provided us with additional support as 2 of our children work in the Cool Springs area, one with the Lee Company and another with a local intervention radiologist. We are more familiar with this area as well and it would make an easier commute for us. We try to remain independent and do not feel require assistance to get to an appointment at age 60! It may become necessary in the future if requirements such as this continues.

Please consider all aspects of a Certificate of Need for an outpatient surgery center not just from the physicians' views but from their patients as well. We appreciate your consideration for our convenience as well as the respect for our safety.

Sincerely,



Nancy B. Grooms
and on behalf of Charles R. Grooms

November 19, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill,

On September 19, 2012, my son, Joe, had knee surgery performed by Dr. Jeff Cook of Franklin Orthopaedics and Sports Medicine. The surgery was a success. However, I was shocked to learn that there are no surgery centers in the Cool Springs area capable of handling this type of procedure. Because of this lack of surgery centers, Franklin Orthopaedics and Sports Medicine is affiliated with Physicians Pavilion Surgery Center in Smyrna.

As a mother, I was very nervous about my son's surgery. I knew that Dr. Jeff Cook of Franklin Orthopaedics was the right doctor. Doctors Greg and Jeff Cook are amazing. However, driving to Smyrna was not enjoyable. It was inconvenient to get to Smyrna bright and early, while fighting the early morning work traffic. Additionally, I had church friends who planned to stop by and keep me company during the procedure until I told them that it was in Smyrna. They also could not believe that Cool Springs did not have an outpatient surgery center. After the procedure, the drive back home seemed longer with a son that had just had surgery. I had to leave my son with a family member while I went to the drugstore to get a prescription filled. If we had been closer to home, I could have stopped on the way.

I believe that the Cool Springs area would greatly benefit with the Franklin Endoscopy Center Expansion and Relocation. Your approval of the Certificate of Need request would be greatly appreciated.

Thank you for your time and consideration of this request. If you would like to speak with me, I can be reached at 615-477-3518.

Sincerely,

A handwritten signature in cursive script that reads "Susan Irby".

Susan Irby
4612 Belmont Park Terrace
Nashville, TN 37215

**Randy B. Oliver
1092 Cliff White Road
Columbia, Tennessee 38401**

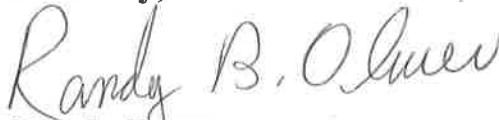
November 09, 2012

**Dr. Greg Cook
Franklin Orthopaedics & Sports Medicine
3310 Aspen Grove Drive Suite 102
Franklin, TN 37067**

Dear Dr. Cook:

I am a patient who had rotator cup surgery in Smyrna at the Physician's Pavilion Surgery Center in Smyrna, Tennessee. I live in Columbia and to drive to the Surgery Center was approx. 50 miles. Having the surgery there was an inconvenience for me because if I had the surgery in Franklin it would have been 20 miles from my home. The person who drove me to Smyrna was confined to staying there and not able to take care of other errands because of the distance. If the surgery could have been performed in Franklin it would have given my loved one the opportunity to do other things and not be confined to waiting. I am in full support of opening a Surgical Center in Franklin.

Sincerely,


Randy B. Oliver

Angela K. Washington, Esq.
Washington Law, PLLC
4322 Harding Pike, Suite 417, PMB 74
Nashville, TN 37205 • Office (615) 777-8554 Ext. 8554
Direct (615) 708-1088 • E: akwash64@gmail.com

November 26, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill:

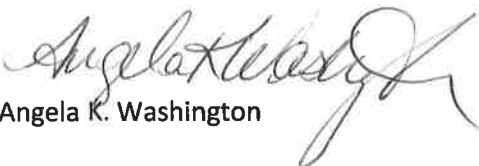
I recently was fortunate enough to have the skilled orthopaedic surgeon W. Gregory Cook, MD, of Franklin Orthopaedics & Sports Medicine perform a reconstructive ACL surgery on my knee at Physicians Pavilion Surgery Center in Smyrna, Tennessee. While the results were fantastic, I must admit that the location did put a bit of a strain on my husband, who traveled from his work in New York that day to take care of me. He was trying to work from the road and the limited range from the surgery center did rather curtail his efforts. In addition, he felt he needed to use a local pharmacy rather than our usual one just to have the initial medications on hand that I needed upon my discharge from the center.

Our home is in Green Hills, Nashville, Tennessee, and my other family lives in Columbia, Tennessee, so Franklin is the perfect location for us to meet to address our health care and other needs. This allows us to be closer to home to tend to pets, other family members, business and household matters, etc., without having to hire outside coverage for those tasks.

I do think an outpatient surgery center in Cool Springs of the type that will allow for a multi-specialty surgery center will greatly benefit patients in Middle Tennessee and throughout the state when they have chosen doctors in this area for their surgery. It also gives patients great access to their physicians for follow-up. Please grant them a Certificate of Need for their surgery center.

I am available to answer questions or provide additional information upon your request.

Sincerely,



Angela K. Washington

P.S. This makes my 4th surgery by the Cook brothers. My husband, Paul Warren, also has had knee surgery with Dr. Jeff Cook. Obviously, we highly recommend their work!



November 12, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, Tennessee 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill,

As a long time patient of Dr. Greg Cook and Dr. Jeff Cook, I would like to encourage you to consider the expansion and relocation of Franklin Endoscopy Center. My knee surgery, which was performed by Dr. Greg Cook, took place in Cool Springs. The convenience of having my doctor, surgical center, and pharmacist in Williamson County created a logistical pleasant experience.

Sincerely,

Mark Barrett

A handwritten signature in blue ink that reads "Mark Barrett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

President

November 13, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill,

I am writing to you in support of the captioned proposal. My wife and I are both long term patients of Franklin Orthopaedics & Sports Medicine. We have both had surgical procedures performed by Doctors W. Greg Cook and Jeff W. Cook.

In recent months I have had two surgeries performed by Dr. W. Greg Cook at the Physician's Pavilion Surgery Center located in Smyrna, TN. I have found this facility to be excellent in terms of the quality of my care. However, its location has caused my wife and I an added burden to the surgical experience.

We live in Williamson County. The first surgery required me to be present at the surgery center at 7:00 A.M. This required us to have an extra travel time of at least 45 minutes to reach the surgery center. The second surgery required me to be present at the surgery center at 9:00 A.M. Due to commuting rush hour traffic, this required us to have an extra travel time in excess of one hour. After surgery extra travel home time was in excess of one hour in both instances.

Due to the location of the surgery center in Smyrna, my wife was unable to accomplish any personal business or errands while waiting for me. In addition, we had to make a special stop on the way home on both occasions to have prescriptions filled at our pharmacy of choice in Franklin, TN. My wife could have accomplished these tasks while waiting for me if the surgery could have been performed in the Cool Springs area of Franklin.

I expect that due to some of my ongoing health issues I will require future surgeries performed by the Doctors Cook. I would be greatly relieved and appreciative if these surgeries could be performed in the Cool Springs of Franklin area. A large burden to the surgical experience would be alleviated.

For all of the reasons and situations cited above, I strongly urge support and approval of the Franklin Endoscopy Center expansion and relocation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey J. Motyka". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Motyka" clearly distinguishable.

Jeffrey J. Motyka
7851 Oscar Green Road
Primm Springs, TN 38476
(615) 799-8977; (615) 812-2012

November 12, 2012

Ms. Melanie Hill

Executive Director

Tennessee Health Services and Development Agency

500 Deadrick Street

Suite 850

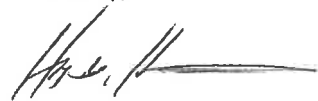
Nashville, TN 37243

Re: Franklin Endoscopy Center Expansion and Relocation

Dear Ms. Hill:

As a patient who has successfully undergone Achilles Surgery under the expert supervision of Dr. Jeff Cook, a principal in the Franklin Orthopaedics & Sports Medicine Center, I am writing in support of the above-referenced application to open a surgery center in Cool Springs, Tennessee. First, for those of us who live and work in or near Cool Springs, such a surgery center would benefit patients in terms of convenience and travel time. In addition, such a center would reduce stress on the day of surgery because we could avoid a 45-60 minute drive to surgery during morning rush hour. Secondly, I sincerely believe the absence of stress will help insure a successful surgical experience and will be therefore be helpful in terms of recovery. For a combination of these reasons, I strongly support the above-referenced application to open a surgical center in Cool Springs, Tennessee.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. Hutchison", with a long horizontal flourish extending to the right.

Harry G. Hutchison

Professor of Law

College of Law

Belmont University

1337 Barkleigh Lane,

Franklin, Tn. 37064

Phyllis Lackey
4563 Peytonsville Road
Franklin, TN 37064

November 11, 2012

Ms. Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
500 Deadrick Street, Suite 850
Nashville, TN 37243

RE: Franklin Endoscopy Center Expansion & Relocation

Dear Ms. Hill,

I was recently informed that Franklin Orthopaedics & Sports Medicine were no longer performing their surgical procedures in the Cool Springs vicinity and patients must travel to Smyrna to have their surgeries. As our family members are long time patients of Franklin Orthopaedics & Sports Medicine, I was disheartened to learn that should one of us need surgery, we would have to travel this distance. I had double foot surgery several years ago and the convenience of having my surgery close to home was so comforting – less travel time meant that I could get home fast to recover. With being able to stop quickly at my local pharmacy to pick up prescriptions meant less time on the road. Patients who are enduring surgery do not need to worry about the travel time in addition to all the other stressors that accompanies surgery.

Cool Springs is a rapidly growing community where folks live, play and work; and the great number of new residents, new physicians and clinics that have risen in the Williamson County area over the last few years gives ample reason for a new surgery center. Having their physicians nearby is such an asset to the residents. Drs. Jeff and Greg Cook are very well respected board-certified orthopaedic surgeons in this area, and their patients will agree that convenience is very important in the surgery decision making process since it involves a whole family – not just the surgery patient. Having a new surgery center in Cool Springs will have great impact on the community and I hope you will consider approving the Certificate of Need.

Thank you,

Phyllis Lackey

Ms. Melanie Hill
Executive Director
Tennessee Health Services

Mary Jo Crutcher
1013 Bryant St.
Lewisburg, Tennessee
37091

I wanted to tell you why I hope you will let Franklin Orthopedics + Sports Medicine build along with Franklin Endoscopy Center. This will help so many hear. Just to have a multispecialty Surgery Center, would be good for this part of Middle Tennessee in this area.

I had surgery at Smyrna at the Surgery Center, the people there were good to me and my family but it was so far from Lewisburg where I live to Smyrna and we got lost. After surgery I got very sick it took so long to get home. I am 63 years old and it would be better if it was closer for all of their patients we really need this hear in the area.

Sincerely
A patient in need!
Mary Jo Crutcher
1013 Bryant St
Lewisburg, Tennessee 37091

Franklin, (Tenn) Nov 11, 2012

Ms Hill,

My husband had astoscopic surgery done at Smyrna's Physicians Pavilion Surgery Center. It went well and everyone was nice there. We had to report at 8:30 AM for pre-op. We left home at 7:00 AM & ran into a Nissan traffic backup... we barely made it in time. It is too far for comfort! I had to wait in the waiting room; no coffee, no snacks & no lunch to be had since the waiting room doesn't allow it... it was a long time until we were able to return at 2:30 PM that afternoon! My first question to Dr Cook was "Why Smyrna, nothing closer"? We have so many other facilities here in Franklin, I can not believe that we have to go to Smyrna.... it would really be a plus to have this available closer.

Sincerely

Chantal & Bobby Ocker



GLEN CASADA
STATE REPRESENTATIVE
63RD LEGISLATIVE DISTRICT

CHAIRMAN,
HEALTH AND HUMAN RESOURCES
COMMITTEE

25 LEGISLATIVE PLAZA
NASHVILLE, TN 37243-0163
(615) 741-4389 OFFICE
(615) 253-0229 FAX
Rep.Glen.Casada@capitol.tn.gov

2012 NOV 19 AM 10 20
House of Representatives

State of Tennessee

NASHVILLE

MEMBER OF COMMITTEES
CALENDAR & RULES
CHAIR, HEALTH AND HR
CONSUMER AND EMPLOYEE AFFAIRS
CHILDREN AND FAMILY AFFAIRS

HOME ADDRESS:
3144 Natoma Circle
Thompson Station, Tn 37179
(615) 943 7396

November 13, 2012

Ms. Melanie Hill
Executive Director
Tennessee Health Service and Development Agency
500 Deaderick Street, Suite 850
Nashville, TN 37243

Ms. Hill,

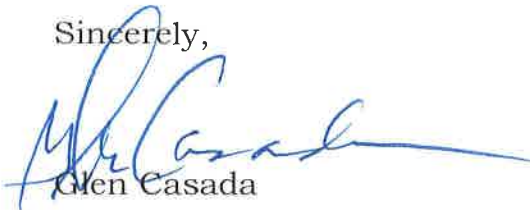
Franklin Orthopaedics and Sports Medicine is applying for a Certificate of Need to move and relocate the facility from its current location on Cool Springs Blvd. to Carothers Parkway. I fully support this application for CON.

This is an effort to convert the Franklin Endoscopy Center, which is currently a single specialty GI Center into a multi-specialty Outpatient Surgery Center. The plan is to add two full operating rooms to the services already provided by Franklin Endoscopy Center and Franklin Orthopaedics and Sports Medicine.

With the sizable growth of population in Williamson County, I am encouraged that local medical facilities are working diligently to keep up with the demand for medical services. These efforts, when successful, will help to keep Williamson County a wonderful place to work, live, and raise a family.

Thank you for your consideration in approving this Certificate of Need.

Sincerely,



Glen Casada

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF HEALTH STATISTICS
615-741-1954**

2012 NOV 26 PM 3: 58

DATE: November 30, 2012

APPLICANT: Franklin Endoscopy Center
740 Cool Springs Boulevard Suite 210-B
Franklin, Tennessee 37067

CONTACT PERSON: Robert Limyansky, Partner
The Strategy House. Inc.
71 Vickery Street
Roswell, Georgia 30075

COST: \$7,420,105

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

As a tenant in a newly constructed building, the applicant is not responsible for the cost associated with constructing the building shell. Historical cost per square foot data pertaining to new construction is not comparable to this project's construction costs. Comparing historical renovation costs to this project's build out costs is more appropriate, as the applicant is only responsible for the build out costs of the shell space. The build out costs for Franklin Endoscopy Center are projected at \$163 per square and compare favorably to the \$167.99 experienced for renovation projects between 2008 and 2010.

Franklin Endoscopy Center, LLC is a joint venture between Saint Thomas Health, United Surgical Partners International, Inc., and area physicians. The joint venture owns and operates 14 endoscopy and surgery centers in the greater Nashville area, including 6 in Davidson County, 3 in Rutherford County, 2 in Wilson County and 1 each in Coffee, Sumner, and Williamson counties. The applicant provides an organizational chart in Attachment A, 4 of the application.

The total estimated project cost is \$7,420,105 and will be funded through a 7-year loan of \$3.9 million to finance tenant improvements, equipment and furnishing as noted in a letter from First Tennessee Bank in Attachment D, Funding Letter located in Supplemental 1.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

NEED:

The applicant's primary service area is currently comprised of three zip codes in Williamson County (37027, 37067, & 37069), while the secondary service area is comprised of three zip codes in Davidson County (37215, 37220, & 37221). The proposed service area will not change due to the close proximity of the relocation.

The following chart illustrates the 2012 and 2016 population projections for the applicant's service area.

Service Area Total Population Projections for 2012 and 2016

County	2012 Population	2016 Population	% Increase/ (Decrease)
Davidson	602,257	618,202	2.6%
Williamson	184,323	200,247	8.6%
Total	786,580	818,449	4.1%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Health Statistics

The following chart illustrates the hospital based operating room surgeries for the applicant's service area.

Service Area Hospital Operating Room Utilization, 2010

Hospital	Inpt. ORs	Inpatient Procedures	Dedicated Opt. ORs	Outpatient Procedures
Southern Hills Medical Center	10	1,246	10	4,692
Metro Nashville General Hospital	9	1,785	0	2,593
Baptist Hospital	26	21,268	0	15,129
Saint Thomas Hospital	18	27,175	2	5,852
Vanderbilt University Hospital	61	43,346	6	39,399
Centennial Medical Center	33	9,939	4	4,566
Skyline Medical Center	12	*2,266	0	*2,906
Summit Medical Center	10	2,195	0	4,167
Center for Spinal Surgery	6	1,273	0	2,200
Metro Nashville General Hospital	9	1,785	0	2,593
Williamson Medical Center	11	3,109	0	3,862
Total	205	115,387	22	87,959

Source: *Joint Annual Report of Hospitals 2010*, Tennessee Department of Health, Division of Health Statistics

*Skyline Medical Center reported encounters rather than procedures.

Service Area Multi-Specialty ASTC Utilization, 2011

Facility	ORs	Procedure Rooms	2011 Procedures
Centennial Surgery Center	6	2	13,486
Northridge Surgery Center	4	2	16,416
Baptist Ambulatory Surgery Center	6	1	16,059
Saint Thomas Campus Surgi-Care	6	1	25,441
Baptist Plaza Surgi-Care	9	1	21,635
Nashville Surgery Center	5	1	5,293
Summit Surgical Center	5	1	14,112
Cool Springs Surgery Center	5	1	10,841
Williamson Surgery Center	4	1	6,443
Total	50	11	129,726

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2011*, Tennessee Department of Health Division of Health Statistics

The applicant, Franklin Endoscopy Center, LLC, located in Franklin (Williamson County), Tennessee, seeks Certificate of Need (CON) approval for the relocation of the existing ambulatory surgical treatment center (ASTC) with two surgical procedure suites for endoscopic procedures performed by the center's staff and the addition of two multi-specialty outpatient surgery operating rooms and related support space for use by properly credentialed open medical staff, thus converting a single-specialty endoscopy surgery center into a multi-specialty surgery center. Construction of approximately 10,200 square feet of space in a new medical office building will be required. The existing facility is located at 740 Cool Springs Boulevard, Suite 210B, Franklin. The proposed facility will be located at 9160 Carothers Parkway, also in Franklin.

The relocation of the Franklin Endoscopy Center has become necessary due to mechanical issues at the current site. Initially, the applicant pursued a project involving the expansion of the facility at the current space. This expansion involved the addition of two multi-specialty outpatient surgery operating rooms and related support space, needed to alleviate volume growth at the facility. The architectural and engineering analysis determined the HVAC system was inadequate for the expansion. Upgrading the HVAC system would have involved expanding the roof, which would require additional support columns in the facility, making the project no longer economically feasible.

In addition to the need for more space, expanding and relocating Franklin Endoscopy will allow existing Saint Thomas Health surgery patients who currently reside in the Cool Springs area to receive quality surgery services closer to home. The facility relocation and two operating rooms is designed to increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare, and Saint Thomas Campus Surgicare. Last year, the three Nashville ASTC's served 23,569 patients. Of this total, 15.1% or 3,568 patients resided in the six zip code service area surrounding Franklin Endoscopy Center. This project would allow existing Saint Thomas Health surgery patients who currently reside in the Cool Springs area to receive quality surgery services closer to home.

It is projected that a number of provider and public needs in the community would be met with the approval of this project. The project will:

- Decompress highly utilized ASTCs at Saint Thomas Health in Nashville;
- Treat existing patients from the six zip code area closer to home;
- Foster innovation by supporting the unique needs of the MissionPoint ACO; and
- Provide a more cost-effective alternative due to the conversion of Williamson Surgery Center from a lower cost freestanding ASTC to a higher cost hospital-based Ambulatory Surgery Center.

These benefits can be realized with no or minimal effects on the health care system because the existing providers are highly utilized, Saint Thomas Health proposes to serve its existing patients, and projected population growth will continue to support the need for existing providers.

The applicant provides utilization data for patients and procedures for service area facilities on pages 154-156 of the application. In Supplemental 1, the applicant provides utilization data by cases in revised page 153.

Franklin Endoscopy Center operated at 201% capacity in 2009, 211% capacity in 2010, and 197% in 2011, well above the standard of 800 cases (or patients) per room. Similarly, for the same time period, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare, and Saint Thomas Campus Surgicare averaged 288%-329% capacity including procedure rooms and 329%-376% capacity excluding procedure rooms. Redirecting existing outpatient surgery patients from these three ASTCs to Franklin Endoscopy Center will have the effect of decompressing patient volume in Nashville without adversely impacting on-going operational efficiencies.

The methodology the applicant used to project utilization is described in detail on pages 19 through 24 of the application. The applicant used existing Saint Thomas Surgery Center Network data by zip code, Saint Thomas surgery Center Network physicians' data by zip code, the increase in projected population, endoscopy procedures only, and for surgical procedures, patient projections were multiplied by a factor of 2.5 based on actual experience for the surgeons involved.

The applicant projects 6,895 surgical and endoscopy procedures in year one and 7,578 surgical and endoscopy procedures in year two of the project.

TENNCARE/MEDICARE ACCESS:

The applicant participates in both the Medicare and TennCare/Medicaid programs. The applicant contracts with TennCare MCO's AmeriGroup and UHC Community Health Plan.

The following chart illustrates the TennCare enrollees in the applicant's service area.

TennCare Enrollees in the Proposed Service Area			
County	2012 Population	TennCare Enrollees	% of Total Population
Davidson	602,257	118,728	19.7%
Williamson	184,323	8,848	4.8%
Total	786,580	127,576	16.2%

Source: *Tennessee Population Projections 2000-2020*, February 2008 Revision Tennessee Department of Health, Division of Health Statistics and *Tennessee TennCare Management Information System, Recipient Enrollment*, Bureau of TennCare

During the first year of operation, the facility's payor mix is anticipated to be 20.1% Medicare or \$4,359,751, and 1.6% TennCare or \$347,045.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

In the Project Costs Chart, the estimated project cost is \$7,420,105, which includes \$140,454 for architectural and engineering fees; \$125,000 for legal, administrative, and consultant fees; \$1,652,400 in construction costs; \$50,334 for contingency fund; \$485,000 for fixed equipment; \$1,115,330 for fixed equipment; \$165,879 for pre-opening salaries, space lease, 3months rent, minor equipment, etc.; \$3,645,710 for facility lease; \$23,340 for interim financing; and \$16,658 for CON filing fees.

In the Historical Data Chart, the applicant reported 3,220, 3,381, and 3,154 endoscopy procedures in 2009, 2010, and 2011 with gross operating revenues of \$9,933,690, \$11,563,951, and \$11,952,002 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$1,499,542, \$2,501,245, and \$2,271,621 each year. The applicant reported management fees to affiliates of \$109,525, \$145,657, and \$167,000 each year. The applicant reported a net operating income of \$267,803, \$958,385, and \$597,564 each year, respectively.

In the Projected Data Chart, the applicant projects 6,895 surgical and endoscopy procedures in year one and 7,578 surgical and endoscopy procedures in year two of the project with gross operating revenues of \$21,690,305 and \$23,815,654 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced the net operating to \$1,597,882 and \$5,475,596 each year. The applicant projects management fees to affiliates of \$248,698 and \$383,202 each year. The applicant projects a net operating income of \$325,135 in year one and \$427,656 in year two of the project.

The average gross patient charge in year one is estimated to be \$3,789, with an average deduction of \$3,069, resulting in an average net charge per procedure of \$720.

The average gross patient charge in year two is estimated to be \$3,143, with an average deduction of \$2,420, resulting in an average net charge per procedure of \$723. Despite the addition of surgical services, the projected net charges per procedure are virtually unchanged (0.4%) from 2011. The applicant compares charges with service area facilities on page 44 of the application and is competitive with other ASTCs in Williamson and Davidson Counties.

Recognizing the benefits of outpatient surgery centers such as Franklin Endoscopy Center ASTC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area.

ASTCs such as Franklin Endoscopy Center play an important role with the ACA and ACO care delivery model for containing costs, promoting quality, and increasing accessibility. Saint Thomas does not have an outpatient surgery center presence in or near the Williamson County population. After careful evaluation, an expanded Saint Thomas Health ASTC presence in the Cool Springs area was judged to be an attractive alternative to the status quo and a necessary prerequisite for future innovations in healthcare delivery.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

Franklin Endoscopy Center has numerous active managed care contracts in place to provide seamless care to their patients. The applicant provides a listing of these relationships on page 49 of the application. The applicant has an emergency transfer agreement with Williamson Medical Center.

The projects positive impacts on the health care system include:

- Decompress highly utilized ASTCs at Saint Thomas Health in Nashville;
- Treat existing patients from the six zip code area closer to home;
- Foster innovation by supporting the unique needs of the MissionPoint ACO; and
- Provide a more cost-effective alternative due to the conversion of Williamson Surgery Center from a lower cost freestanding ASTC to a higher cost hospital-based Ambulatory Surgery Center.

The negative effects on the health care system are expected to be minimal or nonexistent.

- Existing providers are highly utilized'
- Saint Thomas Health proposes to serve its existing patients, and
- Projected population growth will continue to support the need for existing providers.

Because of the increase volume of patients served, this project will require a 15.4 FTE increase in professional and support staff to the current 7.6 staff. The proposed staff includes 9.5 FTE register nurses, 5.5 FTE surgical technicians, and 8.0 FTE medical assistant/office staff.

The applicant is not currently involved in any training programs, but is willing to consider this under the auspices of an appropriate educational institution.

Franklin Endoscopy Center is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The most recent licensure survey occurred on January 17-19, 2012 and deficiencies were noted in the areas of anesthetic and risk evaluation, anesthetic/discharge, environment, safety from fire, admission assessment, and life safety code standards.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

AMBULATORY SURGICAL TREATMENT CENTERS

1. The need for an ambulatory surgical treatment center shall be based upon the following assumptions:
 - a. An operating room is available 250 days per year, 8 hours per day.

Franklin Endoscopy currently operates 6:30a.m to 4:30 p.m. and intends to do so in the future.

- b. The average time per outpatient surgery case is 60 minutes.

Currently endoscopic procedures last approximately 15 to 30 minutes. The addition of more complex cases will increase the average time.

- c. The average time for clean up and preparation between outpatient surgery cases is 30 minutes.

Current endoscopic time for clean up and preparation is approximately 10 to 15 minutes. The addition of more complex cases will increase this average time.

- d. The capacity of a dedicated, outpatient, general-purpose operating room is 80% of full capacity. That equates to 800 cases per year.

Franklin Endoscopy Center plans to operate at 800 cases/procedures or more for each operating room and procedure room.

- e. Unstaffed operating rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

Currently Franklin Endoscopy Center staffs two procedure rooms. If this project is approved, the relocated Franklin Endoscopy Center will staff two procedure rooms and two operating rooms.

2. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The applicant's primary service area is currently comprised of three zip codes in Williamson County (37027, 37067, & 37069), while the secondary service area is comprised of three zip codes in Davidson County (37215, 37220, & 37221). The proposed service area will not change due to the close proximity of the relocation.

Last year, these three Nashville ASTC's served 23,569 patients. Of this total, 15.1% or 3,568 patients resided in the six zip code service area surrounding Franklin Endoscopy Center. This project would allow existing Saint Thomas Health surgery patients who currently reside in the Cool Springs area to receive quality surgery services closer to home.

3. The majority of the population of a service area for an ambulatory surgical treatment center should reside within 30 minutes travel time to the facility.

The service area is comprised of six zip codes surrounding Franklin Endoscopy. The project will allow Saint Thomas patients who currently reside in the Cool Springs area to receive quality services closer to their home. These patients are expected to reside within 30 minutes of the proposed facility.

4. All applicants should demonstrate the ability to perform a minimum of 800 operations and/or procedures per year per operating room and/or procedure room. This assumes 250 days x 4 surgeries/procedures x .80.

Franklin Endoscopy Center operated at 201% capacity in 2009, 211% capacity in 2010, and 197% in 2011, well above the standard of 800 cases (or patients) per room. Similarly, for the same time period, Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare, and Saint Thomas Campus Surgicare averaged 288%-329% capacity including procedure rooms and 329%-376% capacity excluding procedure rooms. Redirecting existing outpatient surgery

patients from these three ASTCs to Franklin Endoscopy Center will have the effect of decompressing patient volume in Nashville without adversely impacting on-going operational efficiencies.

From 2009 to 2011, of the larger ASTC providers in Williamson and Davidson counties offering similar services to those proposed here, none operated below 110% capacity including procedure rooms or 132% capacity if procedure rooms are included.

Average utilization exceeded 100% aggregate capacity in Williamson and Davidson counties. Service area providers are highly utilized.

5. A certificate of need (CON) proposal to establish a new ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center shall not be approved unless the existing ambulatory surgical services within the applicant's service area or within the applicant's facility are demonstrated to be currently utilized at 80% of service capacity. Notwithstanding the 80% need standard, the Health Facilities Commission may consider proposals for additional facilities or expanded services within an existing facility under the following conditions: proposals for facilities offering limited-specialty type programs or proposals for facilities where accessibility to surgical services is limited.

The few ASTC not performing at the minimum standard are not a viable alternative to the expanded Franklin Endoscopy Center. Those facilities include The Center for Assisted Reproductive Technology-a service not provided by the applicant; Delozier Surgery Center-plastic surgery only-a service not provided by the applicant; Gurley Surgery Center-gynecology- gynecology only-a service not provided by the applicant; Nashville Vision Correction-laser vision only-a service not provided by the applicant; NFC Surgery Center-infertility only-a service not provided by the applicant; Wesley Ophthalmic Plastic Surgery Center-a service not provided by the applicant; American Endoscopy Center-the applicant is not proposing to expand their endoscopic services; and Crossroads Surgery Center-pain management only.

6. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment must specify the number of projected surgical operating rooms to be designated for ambulatory surgical services.

If this project is approved, the relocated Franklin Endoscopy Center will staff two procedure rooms and two multi-specialty operating rooms and related space for use by a properly credentialed open medical staff.

7. A CON proposal to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following the completion of the proposed project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

In year one, the applicant projects, Q1-1,317, Q2-1,792; Q3-1,894; and Q4-1,884 procedures, respectively. In year two, the applicant projects Q1-1,894, Q2-1,894, Q3-1,895, and Q4-1,895 procedures, respectively.

8. A CON proposal to establish an ambulatory surgical treatment center or to expand the existing services of an ambulatory surgical treatment center must project patient origin by percentage and county of residence. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The following patient origins are based on historical data from the Saint Thomas Health Surgery Center Network. Actual patients served in 2011 increased 2% per year for population growth through 2015.

The projected patient origin or the relocated and expanded Franklin Endoscopy Center is provided in the following chart.

Zip Codes	Service Area	County	2013	2014	2015	Totals	Cum%
37027,37067,37069	Primary	Williamson	747	847	950	2544	52%
37215,37220,37221	Secondary	Davidson	513	628	747	1888	38%
All other zip codes			139	162	187	488	10%
Total			1,399	1,637	1,884	4,920	100%

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.
2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The relocation of the Franklin Endoscopy Center has become necessary due to mechanical issues at the current site. Initially, the applicant pursued a project involving the expansion of the facility at the current space. This expansion involved the addition of two multi-specialty outpatient surgery operating rooms and related support space, needed to alleviate volume growth at the facility. The architectural and engineering analysis determined the HVAC system was inadequate for the expansion. Upgrading the HVAC system would have involved expanding the roof, which would require additional support columns in the facility, making the project no longer economically feasible.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The facility relocation and two operating rooms is designed to increase patient accessibility by redirecting existing patients from the Saint Thomas Surgery Center Network facilities at Baptist Ambulatory Surgery Center, Baptist Plaza Surgicare, and Saint Thomas Campus Surgicare. Last year, these three Nashville ASTC's served 23,569 patients. Of this total, 15.1% or 3,568 patients resided in the six zip code service area surrounding Franklin Endoscopy Center. At the historical average of 2.5 procedures per patient, this equates to 8,920 procedures. Acceptable capacity equals 1,600 procedures (800 procedures per room). Franklin Endoscopy Center already has access to more than 11 times the number of procedures to support the proposed operating room expansion. Approval of this project will allow existing Saint Thomas Health surgery patients who currently reside in the Cool Springs area to receive quality surgery services closer to home

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

This criterion is not applicable. Demand for the project is discussed above.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

This criterion is not applicable. The applicant is proposing the relocation of the facility discussed above.